

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, SEPTEMBER 15, 1927



**T**HE Sachems of the Iroquois Indian Tribes often gave away all wealth and material things in order to keep their minds free from property worries.

The American "Sachems" of today keep their wealth, but safeguard it with insurance against all threatening hazards, thereby achieving the same ends—peace of mind from property worries.

The Sachems' plan was a good one, but it isn't necessary today. Sound, dependable insurance policies, however, in companies like the First American, whose trade mark depicts a sturdy Iroquois Chieftain, are necessary!

**FIRST AMERICAN  
FIRE INSURANCE COMPANY**

ERNEST SHARP, Designer of the Book  
PHIL L. HARRIS, Engraver  
EIGHTY MAIDEN LANE, NEW YORK, N. Y.

CASH CAPITAL — ONE MILLION DOLLARS

"AMERICA FORE"

NEW YORK

CHICAGO

MONTREAL

SAN FRANCISCO





Familiar Scene in 1902 when the Boston wrote the First Policy

**G**ET a horse! Get a horse!" was the cry of the secretly-envious curbstoner to the pioneer motorist of 1902. The horse-drawn vehicle stubbornly resisted the march of progress. An automobile driver in difficulty at the side of the road was a fair target for the jibes of passing carriages. The humiliation of being towed by team to the nearest smithy was increased by the sarcastic comments of horse owners who resented the introduction of the automobile.

The march of progress has reversed conditions in twenty-five years, so that today it would be more difficult to get assistance from a team than from a motor car. The service station has replaced the blacksmith's shop. In place of the first automobile policy written in America by the Boston Insurance Company, which covered fire loss only, a Boston policy can now be secured almost anywhere in the United

States that will protect the car owner against fire, theft, collision, property damage, tornado, explosion, earthquake, hail and water damage.

As part of our plan to stimulate business for our agents we publish a monthly company magazine, "The Accelerator." In every issue throughout 1927, the twenty-fifth anniversary of automobile insurance, you will find interesting articles by leading automobile manufacturers, telling of the early days of the industry and showing how the introduction of automobile insurance has contributed to their growth. These articles, together with others on the selling and advertising of automobile insurance, will lend tremendous strength to your insurance sales work.

If you would like a copy of this business-building magazine, write to our Advertising Department.

# Boston Insurance Company

# Old Colony Insurance Company

87 Kilby Street

Boston, Massachusetts

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# GENERAL REINSURANCE CORPORATION

Home Office:  
80 John Street, New York

## Statement of Condition—June 30, 1927

ASSETS		LIABILITIES	
Bonds and Stocks		Reserve for Losses	
U. S. Government .....	\$ 1,041,285.85	and Loss Expenses .....	\$ 5,224,882.07
State, County, and Municipal ....	812,587.50	Unearned Premium Reserve .....	2,756,749.24
Railroad .....	2,686,805.00	Reserve for Commissions, Taxes and	
Public Utilities .....	3,262,279.00	other liabilities .....	703,861.70
Miscellaneous .....	978,394.75	Contingent Reserve .....	385,000.00
Total .....	\$ 8,781,352.10	Capital Stock .....	\$1,500,000.00
Real Estate Mortgages .....	829,500.00	Surplus .....	901,651.67
Cash in Banks and Office .....	485,392.87		
Premiums in course of collection			
(not over 90 days) .....	1,181,828.13		
Accrued Interest on Bonds and Mort-			
gages .....	106,923.33		
Other Admitted Assets .....	87,148.25		
TOTAL ASSETS .....	\$11,472,144.68	SURPLUS TO TREATY HOLDERS	2,401,651.67
		TOTAL LIABILITIES .....	\$11,472,144.68

	June 30, 1926	June 30, 1927	Gain
Admitted Assets .....	\$7,913,592.64	\$11,472,144.68	\$3,558,552.04
Net Written Premiums .....	2,324,567.96	3,125,239.24	800,671.28
Loss and Premium Reserves .....	5,898,710.00	7,981,631.31	2,082,921.31

## CASUALTY and SURETY TREATY REINSURANCES EXCESS AND CATASTROPHE

E. H. BOLES, *President*

J. G. WHITE, *Chairman of the Board*

C. M. HANSEN, *Vice-Pres. - General Manager*





LARKIN TOWER BUILDING, NEW YORK CITY  
To be erected between 41st and 42d Streets, West of Eighth Avenue

### *Adventuring in Height*

**L**ESS than half a century ago an engineer by the name of Alexandre Eiffel erected in Paris by far the highest man-made structure in the world. This tower, 984 feet tall, was the seed from which sprang the vogue for our modern skyscrapers, but unlike most initial enterprises it retains its supremacy today.

In New York City, the veritable breeding place of skyscrapers, we find the Singer Building, 612 feet in height; the Metropolitan, 700 feet; and the Woolworth, 792 feet. The Woolworth Building is about to lose the honor of being the tallest office building in the world, for already in Detroit there is nearing completion the Book Tower, which is planned to exceed it by twenty-seven stories and eighty-one feet; and New Yorkers, ever jealous of their reputation of possessing the superlative, now plan the erection of the Larkin Tower Building, John A. and Edward L. Larkin, Architects and Engineers, which will rise 1208 feet, or 108 stories above the street. It will extend from 42d to 41st Streets, West of Eighth Avenue, and will be the tallest structure ever erected by man, exceeding by 335 feet the height of Book Tower, Detroit, and by 224 feet the height record held for forty-six years by the Eiffel Tower, Paris. In the meantime, that mother of skyscrapers, the Eiffel Tower, reigns supreme. These office buildings furnish a hint of the huge quarters necessary to house modern business.

Ground is now being broken for 1928 construction, and buildings, small and large—but all good insurance risks—will spring up in every city throughout this country. Now is the time to cultivate this potential business. THE SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY places its facilities at the command of its agents and stands ready to maintain, in every way possible, their good will and implicit confidence.

#### SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY SPRINGFIELD, MASSACHUSETTS, U. S. A.

GEORGE G. BULKLEY, President

Western Department  
HARDING & LININGER, Managers  
Chicago

Pacific Department  
GEORGE W. DORNIN, Manager  
San Francisco

Springfield  
Fire and Marine  
Insurance Company  
SPRINGFIELD, MASS.





# The National Underwriter

Thirty-first Year, No. 37

CHICAGO, CINCINNATI AND NEW YORK, THURSDAY, SEPTEMBER 15, 1927

\$4.00 Per Year, 20 Cents a Copy

## AUTOMOBILE COVER IS VIEWED WITH FAVOR

Experience in West Indicates Increased Premiums with Losses Little Changed

## JUSTIFY COLLISION RATES

Believe Sharp Reduction by Western Conference Has Worked to Advantage of Business

NEW YORK, Sept. 13.—Fire company executives in reviewing the result of their automobile business in the west feel confident that when the premium receipts and losses suffered under the collision feature of their coverage last year be fully made up and analyzed, the former will show a substantial increase over the returns of the previous year and with but a small addition if any in the loss cost. Should such prove to be the case, it is argued, the policy of the Western Automobile Underwriters' Conference in applying a 30 percent reduction in collision rates two years ago in order to meet the sharp competition of the mutuals and the reciprocals throughout the country districts, will have been fully justified, and they will be strongly disposed to approve a continuation of the practice during 1928, regardless of what the casualty officers may or may not conclude to do.

### Is Not Unanimous

While this sentiment obtains in the majority of offices, it is by no means unanimous. Some managers insist that the cut in collision tariffs was too severe and that, so far as their particular companies at least are concerned, the added income predicted from the middle west in the event of the reduction being granted, has not been realized.

But by and large the belief holds that the move has been a wise one, in that, though allowing that collision rates are not sufficiently high, a reduction in this feature of the general cover has enabled the offices to not only hold their business and increase it, but the net over all has been profitable.

### Underwriting Practices Differ

Fire men differ from their casualty associates, in that while the latter insist that each division of business stand upon its own merits, the former consider the business as a whole and are content to break even on one line of coverage or even to suffer a modest loss upon it, providing that thereby they can make a profit upon the transaction as a whole. This latter, they vigorously assert, they have been able to do.

The west is the only jurisdiction in which the collision rates of the fire and the casualty companies differ, the same tariffs being called for by both classes of institutions in the east and the south. The Pacific Coast is in a class by itself and underwriters talk of the automobile

## BRIGGS U. & O. LOSS HAS BEEN ADJUSTED

### MUCH INTEREST IN THE FIRE

Assured Will Receive \$438,434 on Total Insurance of \$7,648,000—Investigating Spraying Hazard

The use and occupancy loss on the Briggs Manufacturing Company at Detroit has been adjusted at \$438,434.26. The use and occupancy insurance amounted to \$7,648,000. This makes a loss of 5.7 percent. The property loss on the Briggs plant was adjusted at \$2,263,000. This was one of the most famous losses of last year and much attention has been given it since the cause was the paint spraying hazard which led to the fire that caused tremendous damage. The Briggs company manufactures bodies for automobiles. After the fire it put up a building 800 feet long and five stories high to take care of the section of the plant that was burned. The adjusters taking part in the use and occupancy loss were R. R. Lippincott, assistant general manager of the Western Adjustment at Chicago, John R. Martin, manager of the Underwriters Adjusting Company at Detroit, and H. F. Johnston, an adjuster of the Western Adjustment at Detroit.

The Briggs people are going into the subject of paint spraying, ascertaining just what the hazards are and how the spraying process should be guarded. A number of government experts visited the Briggs plant to make an investigation of this hazard. The Briggs company does not desire to take final action as to location of its paint spraying processes until it has made an exhaustive investigation.

business in that far off field with bated breath.

What to do with second hand machines continues the unsolved and apparently unsolvable problem of both motor manufacturers and underwriters. The manufacturers still turn out cars in endless number and insist that these be sold by their representatives. The latter face the alternative of making good upon their quotas or losing valuable territorial rights. Thus they resort to every possible argument to sell cars. Machines taken in exchange are often disposed of by taking in still older models in part payment and hence agents are compelled often to effect three transactions before getting full payment upon an original sale. Some of the manufacturers in order to stimulate the demand for used cars of their own make advertise extensively that these are "guaranteed," assurance that the buyer now gives little credence to, being convinced that a guaranteed car is no better than one without such hall mark.

The suggestion from the west that consideration be given the idea of a percentage deductible clause, on the theory that while a hundred dollars would not go far in repairing a damaged Rolls Royce or a Pierce Arrow, it would prove more than ample to replace a goodly section of a Ford or other modestly priced machine, is not taken very seriously at the head offices. Underwriters

## INTEREST IN MEETING OF WESTERN UNION

### LU DLUM ENDS HIS SERVICE

New President Will Be Chosen at the Gathering at Manchester, Vt., Next Week

The officers of the Western Union anticipate a large attendance at the meeting at Manchester, Vt., starting Tuesday of next week. Vice-President C. A. Ludlum is president of the Western Union and is completing two years of service. A new president will be elected. There has been much speculation as to who will be chosen. Many feel that if Charles R. Street, western manager of the Great American, will take the place, he can have it. Mr. Street is one of the senior members of the organization. However, he is chairman of the subscribers' actuarial committee and has three and a half more years to serve. That is one of the most important committees and Mr. Street has proved a most competent chairman. His election as president of the Western Union would eliminate him from the chairmanship. This, of course, would have to be taken into consideration. John M. Thomas, western manager of the Aetna, would meet with popular favor. It is a question whether he desires to take on additional responsibilities. He enjoys the confidence of his associates. Unless one of these two men will agree to serve it is likely that J. R. Wilbur, head of the American Fore companies in the west, will be chosen. He is chairman of the governing committee and has been most competent in that post. If, therefore, the Union now finds it necessary to reach out to the younger school for its pilot, undoubtedly Mr. Wilbur will be the choice.

### Marshall on Eastern Trip

John Marshall, vice-president of the Fireman's Fund left San Francisco Tuesday evening and will arrive in Chicago on Friday. He will take a trip through the east and south. W. A. Chapman, western manager at Chicago, had planned to leave for the Western Union meeting Friday, but deferred his starting until Saturday on account of Mr. Marshall's visit to the western department.

maintain that comparatively few of the Ford owners carry collision insurance holding they can better afford to take the risk of a damage to their machines, than to pay for the necessary indemnity.

### IOWA AGENTS' ISSUE

The convention of the Iowa Association of Insurance Agents, which is being held this week at Waterloo, Ia., and the addresses given at that meeting, will be reported fully in the special edition always published by The National Underwriter in connection with that convention, which will be issued immediately after the conclusion of the meeting.

## SUES LOCAL BOARD FOR REFUSING MEMBERSHIP

B. C. Broude Files Action Against the Association at Milwaukee

### AGENT GOES TO COURT

Charges That Organization Conspired to Prevent Him From Engaging in Insurance Business

MILWAUKEE, Sept. 14.—The Milwaukee Board and its officers and directors have been named defendants in a suit filed in circuit court in Milwaukee by Bert C. Broude, real estate dealer and insurance man, through Attorney B. F. Saltzstein. The case follows preliminary examination brought under the discovery statute against the defendant early in March, 1927, when the plaintiff alleged that the Milwaukee Board, its officers and directors denied his application for membership without assigning a reason for declination; that the defendant corporation controls the fire insurance business in Milwaukee, and charging the board, its officers, and directors with "conspiracy" which resulted in the alleged cancellation of contracts which the plaintiff had with insurance companies and a revocation of the license which he had from the commissioner of Wisconsin.

### Asks Relief from Courts

Following the examination the plaintiff filed a complaint containing his charges against the Milwaukee Board and asking that the court restrain the defendants "from further carrying out conspiracy entered into between the said defendants"; "to restrain them from interfering with this plaintiff's business"; "to restrain the said defendant from attempting to procure, or procuring cancellation of contracts entered into between the plaintiff and fire insurance companies," and "for such other relief as to the court may seem just and equitable," and for the recovery of such damages as the plaintiff may be entitled to.

### Was Denied Membership

In his complaint Broude alleged that prior to the time of his engaging in the fire insurance business in Milwaukee, he was informed that it was necessary to make application to and become a member of the Milwaukee Board and that after he had such an application in due order and accordance with the rules and regulations of the board, that his application for membership was denied, and he alleges that neither officers nor directors have at any time assigned a reason for declination. Prior to the declination the plaintiff asserts that he procured and entered into an agency contract with several fire insurance companies duly licensed for insurance and he also procured a license from the commissioner of Wisconsin, and that after the declination said insurance companies cancelled



their contracts and caused the license previously issued by the commissioner to be revoked.

The plaintiff alleges that the agency contracts and license issued him were revoked by reason of acts of the defendant corporation and its several officers and directors, and he alleges that he is informed that the defendant corporation and its officers and directors procured the cancellation of said contracts and revocation of license. Further allegations were made that the defendant corporation controls the fire insurance business in Milwaukee and that all persons soliciting fire insurance within said city are members of this corporation, and that "the business of fire insurance in Milwaukee is coupled with a public trust."

#### Contracts Were Cancelled

The charges further state that "subsequently to the unlawful and wrongful acts of said defendant corporation, officers, and directors, and to the cancellation of agreements between the plaintiff and several insurance companies and subsequent to the revocation of the license," the plaintiff entered into several contracts with other and different fire insurance companies, and that he again procured a license from the commissioner, and that he proceeded to engage in the fire insurance business. He alleges that the defendants proceeded immediately to "concoct, and conspire against the rights of the plaintiff to procure cancellation of such new contracts with the result that one of the companies cancelled the contract, and thus deprived the plaintiff of the right to engage in the fire insurance business, interfering with his rights to gain a livelihood in Milwaukee, and to earn compensation as a fire insurance agent, and that the defendants are further attempting to procure and cause the cancellation of all contracts and are attempting to procure revocation of the license.

#### Held to Board Rules

In the affidavit filed in the preliminary examination in answer to the action of the plaintiff, the defendant corporation charges that Broude is not himself engaged in the general insurance business, but is an officer of a corporation known as Bert C. Broude Company, engaged in real estate, loan and insurance business, and that associated with him are Benjamin Levenauer, Harry Levine, and B. F. Saltzstein. The affidavit of the defendant states that the plaintiff made application for membership in the Milwaukee Board, Oct. 12, 1926, and was unanimously refused, because, according to the by-laws, no member or representative of any local agency owned and conducted by a corporation shall be qualified for membership unless each and every member of such corporation, or person interested therein is actually engaged in such business, and is, and continues to be otherwise eligible to membership in his own right, and the affidavit alleges that the plaintiff was informed of such provision. The defendant also referred to the section which provides that membership in the board shall be limited to persons who are engaged in the fire insurance business, real estate, rental, and loan business, exclusively, and that said by-laws provide further that when a person is elected to membership and such a person is a member of a firm or corporation, certificate of membership shall issue to each member of such firm or corporation.

#### Stop Fleet Rate Abuses

TOPEKA, KAN., Sept. 14—Another effort is to be made to stop the use of fleet policies for private motor car insurance in Kansas. Commissioner Baker is preparing a general order to the insurance companies to require them to secure certificates of ownership of all cars included in fleet policies and file these certificates. As soon as the form of the order is approved by the attorney general it will be forwarded to all the companies writing motor car insurance in the state.

## NO SOLUTION FOUND IN CHICAGO ISSUE

### PROBLEM IS A VEXING ONE

Commission Question Is Likely to Come Before the Western Union's Annual Meeting

No solution to the commission question in Chicago has been reached by the large cities committee of the Western Union. Whether the Western Union will take any action at the forthcoming meeting next week remains to be seen. The governing committee may take cognizance of the situation and place the Chicago situation on the agenda for discussion. Chairman George H. Bell of the committee has made a report to the governing committee so that it is up to that committee to decide what, if any, course shall be taken toward discussing the subject on the floor.

#### Would Not Appoint Committee

Chairman Bell requested President August Torpe and General Manager Ernest Palmer of the Chicago Board to appoint a committee to confer with the large cities committee on the commission subject, so that the slant of the agents could be secured. The Chicago Board officials declined to name a committee. Evidently the Chicago Board did not desire to have an official committee appointed. It takes the position that it has no jurisdiction over commissions to class one agents. Therefore, its committee could not speak authoritatively on that subject. Furthermore, the Western Insurance Bureau has not taken up the Chicago subject and so far as is known, has not been a party to any conference with the Western Union on the subject. Therefore, the officials of the Chicago Board evidently felt that they could not appoint a committee that could deal with but one organization. The large cities committee of the Western Union desired an official committee appointed that could speak for the organization and represent it.

#### Chicago Board Program

As will be remembered, the executive committee of the Chicago Board recently presented a program for regulating class 2 and brokers' compensation, but it was voted down. It did not present any plan for class one agents because the Chicago Board has no jurisdiction over compensation of class one. Many of the company officials, however, declared that it would be idle to try

## HAIL BUSINESS WAS SPOTTED THIS YEAR

### SOUTHWEST HITS COMPANIES

Most Offices Were Able to Break Even by More Favorable Experience in Northwest

This week practically all hail policies on growing grain expire, except the ones carried through on corn. The results in Colorado, Oklahoma, and Kansas are very unsatisfactory, although in other sections the companies will receive a profit allowing them to go through the year breaking even or making a small profit. The state hail department of North Dakota announces that the total number of claims for the season was 16,684. In many cases the damage was very heavy. It is announced that the hail department is confronted with a higher payment per claim than has been the case for several years past. Recently Divide, Burke, and Ward counties in North Dakota were badly hit. In Divide county alone there were 472 claims. As a rule, however, the stock companies are pleased the way the season terminated because in mid-season the prospects looked rather serious owing to the heavy losses in the southwest.

to regulate class two of the brokers without at the same time regulating the class one commissions. There will be much interest therefore, in the course the Western Union will take next week, if any. The Chicago commission situation has been a complicated and troublesome one for a long period.

#### Says Program Will Come Up Again

A prominent Chicago agent said this week: "My prediction is that the Western Union will not take any action on the Chicago matter because it must be the subject of much discussion. Unless the Western Insurance Bureau can be interested, it will be idle for the Western Union to try to do anything alone. While our executive committee does not deal with class one commissions it did feel that it went as far as it could. It could have enforced the regulations for Class 2 and brokers if they had been adopted. My prediction is that the Chicago Board's executive committee will bring up its program again. I think that even if it is not an ideal solution of the problem it is a step in the right direction."

## IOWA LOCAL AGENTS AT ANNUAL CONVENTION

### HOLD MEETING AT WATERLOO

J. R. Vaughan, Head of the State Organization, Is in Charge of the Gathering

WATERLOO, IA., Sept. 14—The annual meeting of the Iowa Association of Insurance Agents is being held this week in this city. J. R. Vaughan is president and is in charge of the meeting. He gave his annual address this morning. Leo E. Thieman of Chicago, who represents the Casualty Information Clearing House, spoke. Special Agent Dunbar of the National Association of Insurance Agents has been working in Iowa for some time strengthening the membership and organizing local boards. Some excellent entertainment features were arranged.

Leo E. Thieman of the Casualty Information Clearing House of Chicago spoke on the necessity for local agents to put forth more effort towards the acquisition of automobile insurance business. He said that automobile manufacturers are producing more rapidly than companies and their agents are insuring. He declared that it is useless to complain of reciprocal and mutual competition so long as stock company agents are not on the job first. What is needed is more intensive cultivation. He said that dangers which menace the automobile insurance business can be met best by greater activity on the part of local agents in insuring all cars satisfactorily.

#### Giberson Was Speaker

J. A. Giberson of Alton, Ill., past president of the Illinois Association and active in National association work for several years, spoke to the Iowa agents as a representative of the National Association. Mr. Giberson is now chairman of its finance committee. In his talk he discussed the recent branch office tendencies, citing the hazards to the American agency system in its development. He also spoke particularly of automobile club interference with insurance and the plan of the National association to combat it through the appointment of key men throughout the country. Mr. Giberson said that these key men could also be of great aid in combatting compulsory automobile liability legislation and working for the efficiency of the national better business methods committee in its public relations work. Mr. Giberson stressed the value of association work and urged every agent to participate actively in it, both for his own advantage and that of the great institution of insurance.

The report of the legislative committee, given by P. J. Clancy, was not extensive, as the session of the legislature just passed did not make violent inroads into the insurance business. Mr. Clancy said that no radical legislation was considered other than a compulsory automobile liability law and this did not develop.

#### Report of Executive Committee

Milo R. Whipple of Cedar Rapids, chairman of the executive committee, in his report states that the committee has been much interested in endeavoring to work out a plan whereby the insurance department might become more effective in cutting down agency licenses. Considerable effort was made at the time W. R. C. Kendrick was commissioner to have the department assume authority and work out a qualification plan that would debar from being licensed unqualified and ignorant agents. The committee feels that the department was granted general power when the Iowa Supreme Court handed down a decision in the case of Noble vs. English. It was stated that the committee felt a questionnaire should be devised to enable the department to decide as to the eligibility of applicant.

## CONDENSED NEWS OF THE WEEK

Western Union will hold its annual meeting at Manchester, Vt., next week. **Page 3**

Virginia Association of Insurance Agents holds annual convention. **Page 8**

Milwaukee Board is sued by local agent for refusal to admit him to membership. **Page 13**

Auto collision rates in the west are reported justified by the loss experience. **Page 3**

Program is announced for the National Convention of Insurance Commissioners at Cincinnati. **Page 5**

The annual meeting of the Iowa Association of Insurance Agents is being held in Waterloo, Ia. **Page 4**

No solution has yet been found to the Chicago commission problem. **Page 4**

Use and occupancy loss on the Briggs Manufacturing Company of Detroit has been adjusted. **Page 3**

Harrington tells Virginia agents of the work of the National Association. **Page 5**

Delegates to National Association of Insurance Agents' convention at New Orleans are offered reduced rates by railroads. **Page 5**

S. F. Norwood is appointed resident vice-president of Norwich Union Indemnity for Pacific coast department. **Page 35**

Casualty Acquisition Cost Conference formally acknowledges resignation of National Surety so far as burglary business in Chicago is concerned, but takes no further action. **Page 35**

International Claim Association holds its annual meeting at Toronto. **Page 33**

Speakers for the annual casualty meeting at White Sulphur Springs, W. Va., are announced. **Page 33**

Casualty company officials await with interest Superintendent Beha's decision on proposed compensation rating plan. **Page 33**

Hazards of granite quarrying at Quincy, Mass., have so far increased, that companies have adopted practice of refusing to renew compensation lines. **Page 35**

Competition is becoming more keen in casualty and surety lines. **Page 33**

The hail results this season are spotted. **Page 4**



## PROGRAM ANNOUNCED FOR THE CONVENTION

Schedule of Events for the Insurance Commissioners' Meeting at Cincinnati

### INTERESTING SUBJECTS UP

Many Entertainment Features Are Arranged—A. S. Caldwell of Tennessee to Preside Over Deliberations

The annual meeting of the National Convention of Insurance Commissioners to be held at the Hotel Gibson, Cincinnati, Sept. 27-30, is announced. A. S. Caldwell of Tennessee is president. The program is as follows:

#### Tuesday, Sept. 27, 10:00 A. M.

Meeting called to order by the president.  
Address of Welcome—A. V. Donahey, Governor of Ohio.  
Address of Welcome—Murray Seasongood, Mayor of Cincinnati.  
Response—Charles R. Detrick, California, First Vice-President.  
Call of States.  
President's Address—A. S. Caldwell, Tennessee, President.  
"Modern Insurance Supervision"—William C. Safford, Superintendent of Insurance, Ohio.  
Discussion—Jackson Cochrane, Colorado, and Shelton M. Sausley, Kentucky.  
Call of Committees.

#### Tuesday Afternoon

Ride around the city with dinner-dance at the roof garden of Hotel Gibson that night.

#### Wednesday, Sept. 28, 10:00 A. M.

Communications and Committee Reports.  
"The Kansas Code"—John B. Smith, Assistant Insurance Commissioner, Kansas.  
Discussion—Ray A. Yenter, Iowa, and John G. McQuarrie, Utah.  
"Educated Turns in Twisting Which Proposes Definition of and Remedy for Twisting"—Clare A. Lee, Oregon.  
Discussion—M. A. Freedy, Wisconsin, and Robert C. Clark, Vermont.  
(Wednesday morning at 10:00 a. m.—Visit by Ladies attending the Convention to Rockwood Pottery and then to Zoo for luncheon.)

#### Wednesday, 2:30 P. M.

Boat ride on Ohio River, with dinner on boat in evening. Leave Broadway Dock at 2:30 P. M.

#### Thursday, Sept. 29, 10:00 A. M.

Communications and Committee Reports.  
"Insurance Stock Holdings"—James A. Beha, New York.  
Discussion—Edward Maxson, New Jersey, and J. S. Maloney, Arkansas.  
"License Uniformity"—Howard P. Dunham, Connecticut.  
Discussion—Stacey W. Wade, North Carolina, and Matthew H. Taggart, Pennsylvania.  
"Compulsory Automobile Liability Insurance"—Wesley E. Monk, Massachusetts.  
Discussion—Carville D. Benson, Maryland, and C. D. Livingston, Michigan.  
(Thursday afternoon and evening at Cody's Farm in Kentucky.)

#### Friday, Sept. 30, 10:00 A. M.

Communications and Committee Reports.  
"Insurance of Automobiles Purchased Upon Deferred Payment Plan"—Clarence C. Wyson, Indiana.  
Discussion—John E. Sullivan, New Hampshire, and John R. Dumont, Nebraska.  
Executive Session (if desired by any member).  
Adjournment.

General Manager W. E. Mallallen of the National Board, who has been motoring in Great Britain and Ireland, has returned to his office.

## ADVERTISING SESSIONS FOR BUSINESS ONLY

### NO ENTERTAINMENT PLANNED

Two General Sessions Will Be Held—Attendance Expected to Be Heavy

The mid-year meeting of the insurance advertising conference to be held at the Hotel Stevens, Chicago, Oct. 17-18, will be purely a business meeting and from every indication will be the largest in the history of the organization, according to Chauncey S. S. Miller, publicity manager of the North British & Mercantile.

As the great majority of members are located west of the Alleghenies, the accessibility of Chicago with its network of railroads is expected to bring many members to this meeting who found it impossible to attend the previous meetings held in the east. As the session will be purely a business meeting, a minimum of entertainment has been arranged, thus allowing greater time and scope for informative discussions of all sections, both general and group. During the meeting the Holcombe trophy award will be announced.

The program, of which details as to speakers and their subjects are not available, will be run off about as follows:

Sunday afternoon, reception; evening, dinner for all members and their guests, followed by an executive committee meeting.

#### Group Sessions Scheduled

Monday morning, general session, followed by a luncheon. Monday afternoon and Tuesday morning, group sessions as follow:

Life group, B. N. Mills, assistant secretary of the Bankers Life, chairman; Fire, H. V. Chapman, advertising manager of the Ohio Farmers, chairman; casualty, C. E. Rickard, advertising manager of the Standard Accident, chairman. On Tuesday noon an advertising luncheon under the auspices of the advertising council of the Chicago Association of Commerce will be given. Tuesday afternoon will be devoted to a general session. The convention will close with a dinner Tuesday night, at which the Holcombe trophy will be awarded.

The general theme of the convention will be "The Mind of the Buyer." In the general session advertising and not insurance will be stressed. Details of advertising in its insurance relations will be left for discussion by the group sessions.

#### Work Has Increased

As the conference has grown so rapidly that the work of the officers, particularly that of the president and secretary-treasurer, has become very exacting. Consideration will also be given plans for establishing a permanent secretarial office with necessary equipment and clerical staff.

As always, the general sessions will be open to all interested in insurance, and the conference is gratified that the number of outsiders at every session is increasing. Those desiring reservations at Hotel Stevens, which is reputed to offer the widest range of prices for rooms and meals of any hotel in the country, should communicate immediately with secretary W. W. Darrow, Home Insurance company, 59 Maiden Lane, New York City.

#### O'BRIEN IN THE EAST

Fred O'Brien of Chicago, vice-president of the Chicago Fire & Marine and the Presidential Fire & Marine is spending his vacation in New Hampshire, going to that region to get rid of hay fever. Mr. O'Brien will attend the annual meeting of the Western Union at Manchester, Vt., next week.

## LOW EXCURSION RATE IS OFFERED DELEGATES

### CONVENTION FARE LOWERED

National Association of Insurance Agents Members Given Certificates That Will Be Honored by Carriers

NEW YORK, Sept. 14.—Members of the National Association of Insurance Agents planning to attend the annual convention of the organization at New Orleans, Oct. 18-21, have been furnished certificates, the presentation of which to any of the railroads of the country will entitle the holder to a rate of one-and-one-half for the round trip; providing the same route be followed in going to and in returning from New Orleans. Accompanying the railway certificate is a questionnaire prepared by Secretary Bennett seeking data as to the part played by agents in the public affairs of their respective states and communities.

#### Association Seeks Information

Information is sought by the association as to the number of persons connected with each agency and the number of licensed producers. Other questions asked are:

"Is there an active local board in your town? Are you a member? Do you belong to your chamber of commerce? Are you a member of a civic club or identified with any civic movement? Is there an automobile club in your town? Do you belong to it? Is it mutually or reciprocally inclined? Are you active in any political party? Is any agent in your town a member of a state or municipal legislative body?" And finally, "How is the insurance business generally regarded in your community by the public at large?"

#### Prevention Session Scheduled

The National Safety Council has arranged a general fire prevention session at the 16th annual safety congress to be held at Stevens hotel, Chicago, the week of Sept. 28. The fire prevention session is planned for Sept. 30 at 9:30 a. m. in the grand ballroom of the Stevens. Secretary Wentworth of the N. F. P. A. is to preside and the program is to be contributed by N. F. P. A. members as follows:

"Studying Plant Processes to Prevent Fires," Benjamin Richards, manager, Underwriters Service Association, Chicago; "First Aid Equipment for Fighting Fires," Curtis R. Welborn, superintendent label service, Underwriters' Laboratories, Chicago; "Fire Brigades," R. G. Landuyt, fire chief, Montgomery Ward & Co., Chicago; "Plant House-keeping and Its Relation to Fire Hazards," Eugene Arms, manager, Mutual Fire Prevention Bureau, Chicago.

#### Decision on Service

A decision in favor of the Knickerbocker Insurance Company has been rendered by the United States circuit court of appeals at St. Louis on the question of legal service in a suit on a policy. The company does not operate in Missouri. However, a Missouri corporation applied to W. H. Markham & Co. for a policy on property in Oklahoma. Markham & Co., not being authorized to write in Oklahoma, placed the insurance with the Central Insurance Agency of New York, which delivered the policy of the Knickerbocker on which suit was brought. The plaintiff contended that the Knickerbocker had subjected itself to the Missouri laws by doing business in that state. The company contested the service and won both in the lower court and in the circuit court of appeals. The court held Markham & Co. were brokers, not agents, in such transactions.

#### WESTERN BUREAU MEETING

The annual meeting of the Western Insurance Bureau will be held at Briar Cliff Manor, Briar Cliff Lodge, Oct. 5-7.

## CITES GREAT VALUE OF NATIONAL ASSOCIATION

W. E. Harrington Was Speaker Before Virginia Agents' Convention

### IS STABILIZING FACTOR

Reviews Work of Agents' Body Showing Its Important Function in the Business

#### VIRGINIA BEACH, VA., Sept. 13.

—Speaking before the annual meeting of the Virginia Association of Insurance Agents in session here this week, W. E. Harrington, local agent at Atlanta, Ga., and chairman of the executive committee of the National Association of Insurance Agents, summed up the extensive program now being carried out by the National association and appealed for the hearty cooperation of the local agents for the achievement



W. E. HARRINGTON

of its success. Mr. Harrington told of the meeting of the executive committee from which he had just come and which was exemplary of the great work being done by the national unit of agency organization.

#### Cites Underwriting Changes

Mr. Harrington referred particularly to the important changes in underwriting conditions in recent years and showed that the company changes have followed very closely to the old petitions of the National Association. He said that it was gratifying to recall that the National Association had never advocated a policy which has not been eventually accepted as sound by the insurance fraternity as a whole. In referring to the developments of the past decade in particular he said that it was during a very recent span of years that underwriters witnessed a period of greed for premium income which threatened to sweep away all of the traditions of underwriting and sound practices. Volume became the sole watchword and the consequence was inevitable. Underwriters agencies were formed and underwriters of underwriters and so on, ad infinitum.

#### Right About Face Made

This created the necessity for agents to represent these "paper companies" and this brought into the business a vast horde of agents thoroughly unqualified to properly perform the service to





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HERE is a crippled factory building, still paying rent to its owner—thanks to Rent Insurance.

But more important yet, it is paying the agent who sold this valuable protection to his client. It is paying in good will—in greater confidence—in *more business*. Our agents find that the client who sees his interests so carefully watched can be sold many more types of essential insurance. The favorable comment of such clients to their friends has also been a great factor in the success of agents of this company.

In addition to selling Rent Insurance to landlords, our agents are telling property owners who occupy their own premises about Rental Value Insurance. And to protect other clients against higher rents when fire terminates their lease they are telling them about Leasehold Insurance. All these are cases where "Telling them and Selling them" pays the agent for many years to come.

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which the public is entitled. During all this Mr. Harrington said there was only one voice crying out against this condition and that was the voice of the organized agents through the National Association. It pled that this condition could only result in public disfavor, followed by adverse legislation and mounting loss and expense ratios. The history of the past 15 months tells the story. There has been a complete right about face from this condition and now an attempt is being made to restore the business to those who are qualified to handle it and to place it on the basis of sane underwriting and sound management.

#### Is Stabilizing Factor

He said that the organized agency body of today is beyond any doubt one of the most stabilizing factors in the business. The records show that through the efforts of the organized agent literally hundreds of bills adversely affecting the interests of insurance companies have been defeated. This result would have been impossible of accomplishment either by the companies alone or through an organized effort by them. It was the agents' organization that was the stabilizing factor in this attack of legislation. This accomplishment alone warrants the encouragement by all parties of interest in the business of the state association.

#### Local Boards Essential

Mr. Harrington said that the great need of the business today is the formation of local boards in every community comprised of two or more agents. Where a strong board exists, there the business of insurance stands in good public repute. In those communities not having local boards and without any organized effort to promote good practices, in a large measure, the reverse is true. For this reason, the National Association for the past several years has been adopting as its policy the practice of increasing its membership through the formation of these boards, rather than through individuals. It is imperative that local boards be formed, not on the basis of entirely serving the selfish interests of its members through arbitrary and unreasonable regulations, but rather, through a broad understanding of all the problems involved and taking into due consideration the interest of the companies and the public. The interest of the agent is always best served when these considerations are fully taken into account.

#### Sketches Association's Work

The accomplishments of the National Association during recent years were briefly summed up by Mr. Harrington, notably the check on the inroads of the Chrysler-Palmetto plan and the numerous other menaces of the American agency system which have been encountered during the past decade. He said that business as a whole is undergoing great economic changes. It is only natural that insurance should become involved. It is difficult for the

layman to always understand why insurance is unlike merchandise and why the same laws applying to it cannot be applied alike to insurance. Only through organization can insurance be protected against the results of this fallacy.

### Lyster Comments on Insurable Interest in Partnership Case

**G**EORGE LYSTER of Thorntown, Ind., state adjuster for the America Fore companies, was asked if in case a partnership existed in the ownership of a stock of merchandise, insured under a firm name, each of the partners being named as co-insurer, and one of them sold out to the remaining partner, whether the policy would be invalidated, provided there was no endorsement attached to the policy, and it contained a condition making it void if there should be any change in the possession or ownership of the assured's property. Mr. Lyster says:

\*\*\*

"A partnership is defined as a relation existing between two or more competent persons who have contracted to place their money, effects, labor and skill, or some or all of them, in lawful commerce or business, with the understanding that there shall be a communion of profit between them, and that the profits and losses shall be divided between them in proportion to the amount of capital stock, labor, etc., supplied by each partner.

\*\*\*

"With this definition before us, it can readily be seen that no one partner owns any particular portion, thing or object in such partnership, but that their ownership in each and every item exists to the amount of money invested by each partner and that the sale by one partner to the other of all or any portion of his interest in the merchandise thus owned, only diminishes or increases the holdings of one or the other.

"My conclusion is there is no change of interest or title, if one partner should sell to another, that would void a policy, during the currency of a policy issued insuring such partnership, and that it is not necessary that any endorsement be attached to a policy where such transaction has been had. If a loss should occur under such conditions, the same should be disposed of on its merits."

#### Miscellaneous Notes

In Marion, O., the Josephine Smith Agency has been transferred to Carl J. Watrous.

The Monroe County District Mutual Windstorm of Waterloo, Ill., has been licensed by the Illinois department.

E. C. Jameson, president of the Globe & Rutgers Fire, who has been abroad for a number of weeks, has returned.

Loss estimated at \$50,000 was incurred by the destruction by fire of the building at Hartshorne, Okla., occupied by the Savage Drug Store and offices.

### SEMI-ANNUAL STATEMENTS—FIRE AND MARINE

(As Reported to Governor of Georgia)

	Assets	Net Surplus	Jan. 1 to June 30—	
			Income	Disburs.
Atlas Assurance .....	\$ 7,103,396	\$ 2,358,008	\$ 2,524,921	\$ 2,364,037
Henry County Mut. (Ga.) .....	2,065		431	2,523
Superior Fire .....	4,459,874	959,441	163,419	672,400
Potomac Fire .....	3,006,090	1,112,535	956,309	430,465
Palatine .....	4,601,745	1,888,525	732,945	1,312,894
Pennsylvania Fire .....	14,845,235	5,152,200	3,531,160	3,400,659
Phoenix Assurance .....	7,900,298	3,220,191	2,482,141	2,465,525
Philadelphia F. & M. ....	4,502,109	1,507,206	1,020,718	917,525
Royal (U. S. Branch) .....	25,097,824	7,416,670	7,514,039	7,571,869
Royal Exchange .....	5,063,688	1,856,488	1,433,604	1,458,219
Rhode Island .....	5,245,065	1,008,782	1,564,196	1,530,380
Reliance .....	3,109,584	534,312	641,231	523,328
Springfield F. & M. ....	29,879,638	9,151,358	8,864,123	8,050,245
Sentinel Fire .....	1,308,297	689,289	133,357	86,611
Tokio M. & F. ....	8,564,693	5,231,083	1,755,479	1,273,422
U. S. Fire .....	29,172,053	9,409,085	9,480,747	7,744,449
Urbaine .....	7,160,668	1,307,945	2,657,148	2,607,067
Union of Canton .....	4,856,636	3,062,084	502,208	1,157,351
Virginia F. & M. ....	3,447,622	1,354,098	707,803	759,235
Western .....	4,972,499	1,527,178	1,520,164	1,459,696
World F. & M. ....	3,121,885	360,009	949,923	936,197
World Auxiliary .....	965,233	272,531	280,359	203,469





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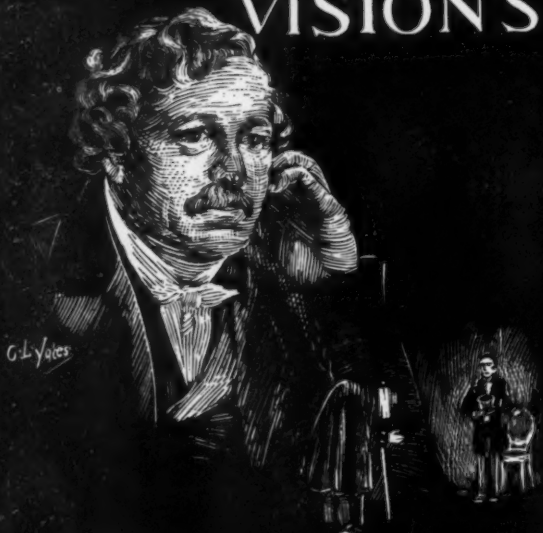
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Address requests for information to

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## VIRGINIA AGENTS IN ANNUAL CONVENTION

Commissioner Button in Address  
Pledges Support of Agents'  
Qualification Law

### VIEW MOTOR CLUB MENACE

President Overbey of Association Advises Local Men to Fight Insurance Schemes as Members

#### NEW OFFICERS ELECTED

President, Calvert R. Dey, Norfolk.  
Vice-President, T. A. Garnett Tabb, Richmond.  
Secretary-Treasurer, Hope Blanton, Farmville.

#### COMMITTEE CHAIRMEN

Executive Committee Chairman, Louis T. Doble, Norfolk.  
Legislative Chairman, E. E. Goodwyn, Emporia.  
Membership Chairman, John D. Crowle, Staunton.  
Conservation Chairman, Clifford E. Grimm, Winchester.  
Conference Chairman, Harry M. Woody, Petersburg.

VIRGINIA BEACH, VA., Sept 14.—Commissioner Button, in addressing the annual convention of the Virginia Association of Insurance Agents at Virginia



JOSEPH BUTTON  
Commissioner of Virginia

Beach this week, declared that he could not conceive of a valid reason why there should not be an agents' qualification law on the statute books and pledged his active support of a bill requiring applicants to pass a test before they are licensed should it be presented at the next session of the general assembly. If doctors, lawyers, dentists, pharmacists, nurses, veterinarians, undertakers, embalmers, certified public accountants, architects, engineers and surveyors all have their boards before which all who desire to enter the particular profession or vocation must appear and stand an examination and show their fitness before they are licensed, he said, why should not insurance agents who handle more than \$50,000,000 of the people's money in Virginia in a single year be required to do likewise?

#### Warns Against Automobile Clubs

The convention opened with an unusually good attendance. In his presidential address John E. Overbey of Danville sounded a warning against the insurance features of automobile clubs. He characterized this movement as a

growing menace. He had noticed that the Keystone Auto Club of Pennsylvania had been licensed to do business in Virginia. He urged agents to become members of their local clubs, using their knowledge of the insurance business to protect themselves. He also warned against the spread of compulsory automobile insurance. He predicted that a compulsory bill would be offered at the next session of the Virginia legislature. The tying up of large fire groups with casualty and surety companies also is a situation worthy of serious attention, he said. He feared that they would follow the example of the Travelers with branch offices. He urged the agents to stand by companies that stand by them, adhering rigidly to the conference agreement.

#### Report on Violations

Activities of the conference committee were outlined in a report presented by Charles I. Lunsford of Roanoke, chairman. Some complaints regarding bank agencies had been ironed out. Others are still pending. A case was cited in which the postmaster of a Virginia town was cashier of a bank and also an insurance agent. The Post Office Department ruled that if he wanted to continue as postmaster he would have to quit the insurance business. He quit the business, thus clarifying the situation. A complaint was received from Tazewell, Va., that several solicitors holding Virginia licenses and representing certain companies planted in a Bluefield, W. Va., agency were doing business over the line in Virginia. The impression prevailed that they had been appointed to enable the Bluefield agency to get Virginia business. It is a situation that has existed for ten years or more, and the committee confessed that it did not know just what to do in the matter.

#### Must Enforce Cooperation

The executive committee in its report presented by Chairman Louis T. Doble of Norfolk suggested that it would be too much to expect adherence by the companies to the principles embodied in the conference agreement unless the agents place their business with companies whose practices assist in building up and keeping intact the American agency system, and withhold business from those which would tear it down. The committee expressed deep appreciation of the friendliness and cooperative spirit of the Virginia field men. Ed A. Clark, special agent for the Northern, brought a message from the Field Club, of which he is president. He likened the club to a pinch hitter, saying that it stands ready to be of service whenever needed. It is always glad to handle any complaints brought to its attention.

#### Attention to Small Town Agent

The Virginia association now has a membership of 250, according to the report of Frank S. Blanton, secretary-treasurer. Sixteen new members were taken in during the year. It was recommended that some plan be devised to make the small town agent realize the importance of the association in his work.

Edson S. Lott, president of the United States Casualty, who spoke at the afternoon session the first day, said that compulsory automobile insurance will not accomplish its purpose. He declared that it will not lessen accidents. He said that in Massachusetts where the plan is being tried out it seems to plant the idea in everybody's head that the other fellow ought to pay when a collision occurs whether he is responsible for it or not.

W. E. Harrington of Atlanta, chairman of the executive committee of the National association, reviewed activities of that body, dwelling upon some of the plans being mapped out for the future work. Dr. W. A. Hamilton, head of the department of business administration at the College of William and Mary, urged the agents to cultivate their imagination. Unless they do so, they cannot visualize the opportunities ahead of



them and render proper service to the public.

#### Was Former Field Man

R. Dey Calvert of Norfolk, the new president of the Virginia Agency Association, is a member of the Norfolk agency of George W. Dey & Sons and is also president of the Norfolk Local Board. Before entering the agency business in 1911 he traveled Virginia and the Carolinas for the Liverpool & London & Globe for eight years.

On recommendation of John Overby of Danville, retiring president, the constitution was amended so as to provide for the creation of five regional vice-presidents who are to have supervision over regional activities in their respective territory. They will be appointed annually by a committee proposed of the executive officers, the executive committee and chairmen of standing committees.

#### To Provide Speakers

It was resolved that the executive committee should provide speakers to appear before all important meetings of the trade and business organizations meeting in Virginia to place before them the merits of stock insurance. It was also decided that the executive committee should consider fully the activities of automobile clubs in extending insurance protection to members and to present to them the impropriety of these clubs embarking in the insurance business. All members of the association were requested to cooperate with the Virginia Field Club in its efforts to bring about prompt payment of agency balances.

#### Compulsory Automobile Insurance

The association went on record against compulsory automobile insurance, declaring that it was against the best interests of all concerned. The members were urged to use their best efforts against such proposed legislation. As an effective means to this end the writing of all desirable automobile business in their respective communities was recommended.

In appreciation of service rendered, President John E. Overby was presented a handsome silver tray as he retired from office, and Frank S. Blanton who was reelected secretary and treasurer was presented a pair of silver candle sticks. The convention was closed with a luncheon given by the Hampton Roads Fire & Marine.

#### F. C. Gustetter Is Honored

Forty-five years of service with one company, the Phoenix of Hartford, was the occasion of honoring Frederick C. Gustetter, secretary. Last Sunday, he completed a service of 45 continuous years. He started with the company's Cincinnati office in 1882 as office boy at a salary of \$3 per week. He was afterwards appointed special agent for Minnesota and South Dakota, with headquarters in Minneapolis. Later, he returned to Cincinnati and was made chief clerk in the western department. When this department moved to Hartford, in 1913, Mr. Gustetter went with it as agency superintendent. In 1923 he was elected assistant secretary and two years later made secretary. He also serves as secretary of the Equitable Fire & Marine of Providence.

#### Hold Massachusetts Examinations

The first written examination of insurance agents under the new ruling of Commissioner Monk of Massachusetts takes place this week. Over 300 applications have been received from prospective agents and brokers. The bulk of the applications are apparently from men desiring to enter the fire and casualty lines. The applications for life salesmen are comparatively few. It is expected, however, that more of the latter will come in for the next examinations, a month hence, because of the later action of the agency schools in adjusting their courses to fit men to take the examinations.

## BENNETT COMMENTS ON NON-WRITING AGENTS

### PUBLIC NOT BEING SERVED

Recording Agents Said to Be Challenged by Existence of Those Who Only Receive

NEW YORK, Sept. 14.—Walter H. Bennett, secretary of the National Association of Insurance Agents, recently addressed all state leaders on the subject of non-policy writing agents, after referring appreciatively to an article on the subject appearing in the "Journal of Commerce" of Sept. 10, commented on the conclusion of the article that the understanding that excessive commissions may be paid to non-policy writing agents places the recording agency system on the defensive. Thus, whether this conclusion is the correct one or not, it must be obvious that the creation and maintenance of a horde of non-policy agents is a disturbing element in the business.

#### Objects to the System

"It seems to me," Mr. Bennett said, "that this departure from well-established practices is not in the interest of public service and should be discontinued. There is no public demand for the services of producers other than recording agents or brokers, and we should protest recognition of those who serve not and who are an economic waste in the business of insurance. Payments by companies to non-policy writing agents greater than fixed brokerage is a concession to branch producers and to those companies supporting the local agents."

"It occurs to me that those of our leaders who have knowledge of the practices of fire insurance companies appointing or maintaining non-policy writing agents should call the attention of such companies to this practice as an invasion of the American agency system."

#### Distinction Is Made

After reprinting Mr. Bennett's communication this morning, the "Journal of Commerce" draws a clear distinction between non-policy writing agents and soliciting farm agents in that while the latter do not write policies they do survey risks and obtain data on which the business is assumed by the non-policy writing agents. The best means of dealing with them is one of the most perplexing of the many problems confronting the Eastern Underwriters Association, being particularly acute in Allegheny county, Pa., and in Essex county, N. J.

#### Advance May Be Deferred

Representatives of the Boston Board will confer with the New England Insurance Exchange as to the advisability of deferring until January 1 the advance in contents rates on certain classes of risks that were to have taken effect October 1.

#### RIOT DEMAND FALLS OFF

With the passing of the Sacco and Vanzetti scare the demand for riot and explosion covers has practically ceased, very few calls for indemnity of this character now being reported. In New York City there is a steady though modest demand for pure explosion protection; notably from industries in which explosives, oils, and the like are used and from properties adjacent to that in which blasting operations are conducted. Business of this character is almost wholly developed by the larger brokers, who are alive to supply complete coverage to their customers and who lose no opportunity to sell him lines that will protect against any loss he may sustain.

## Engineers Who Know!

Can you picture a construction engineer saying, "Oh, that girder will hold all right. I don't think the stress is great?" Absurd, you say—granted. Men who build bridges and skyscrapers don't guess—they know. . . .

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**\*WHAT IS AN APPRAISAL?**—It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

**\*ITS ADVANTAGES**—1st—It discovers insurable values that have long been written off the books through unscientific depreciation—2nd—It gives the agent, the assured, and the companies value facts of property. 3rd—It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

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(Pears Soap)

No matter how much property a man may have, "he won't be happy 'till he gets it."

Gets what?

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Then he'll be happy because he'll know that the dependability of Strength, Reputation and Service is behind every Home policy.

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## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### FURNITURE LINE COSTLY

The fire insurance division of the Central Bureau, organized in November, 1926, for the purpose of eliminating the "free insurance," evil has issued an official report to Superintendent James A. Beha in which great waste caused by issuing policies that do not remain in force and formally cancelling policies is recorded. The losses, it is found, are particularly heavy on the household furniture lines. The part of the report referring to this line is as follows:

"There are now available some figures compiled from the records of the Central Bureau which are rather illuminating and could be profitably considered by the underwriting departments of the companies. These figures represent an analysis of one month's report to the Bureau of uncollected earned premiums." The figures are as follows:

Total number of items reported	7,526
Number of household furniture items	4,025
Total amount of unpaid premiums reported	\$31,165.59
Amount of unpaid earned premiums on household furniture items	5,776.71
Percentage of household furniture items to total	53.5%
Percentage of household furniture premiums to total	18.5%

H. H. F. Items	No. of Entries	Unpaid Earned Premiums
Under \$1	2,013	\$1,115.47
From \$1 to \$2	1,074	1,448.73
From \$2 to \$5	784	1,902.38
Above \$5	154	1,310.13
Total	4,025	\$5,776.71

### AGENCY QUESTION SERIOUS

The "New York Journal of Commerce," quoting a company executive regarding his opinion of the Eastern Underwriters Association and its efforts to improve conditions in the fire field, states that the executive does not believe local agents in the east fully appreciate the importance to them of proper settlement of the non-policy-writing agency question. The executive is reported as saying that the constitution of the association makes no reference to this class of agency and that as an 80 percent majority is needed to amend the constitution it is a question whether those who desire recognition of such a class can muster enough strength to adopt an amendment. He believes that 90 percent of the association members are in principle opposed to having in the business such a class of agents, who are merely brokers collecting excess commissions. He believes further that should the companies that have a number of non-policy-writing agents develop strength enough to amend the constitution or to pass a rule recognizing these agents as a class to be treated differently from regular brokers, the result will be detrimental to the interests of the recording agent.

### INTEREST IN INSURANCE STOCKS

Insurance stocks, fire, life and casualty, still attract the attention of investors and to such degree that prices of shares of a number of companies continue to make almost sensational ad-

vances while railway and other securities recently reacted two or three points. That the investments are not always made with a view to income yield is evidenced in that considerable purchases are made of stocks of non-dividend paying corporations, especially those of institutions subsidiary to large and progressive companies. The confident belief, of course, is that in time these former offices will get into the dividend paying class once they have attained adequate surplus accounts.

### LOOK FOR SOME ACTION

It seems a foregone conclusion that the directors of the National Liberty will soon announce a stock dividend or stock increase at favorable terms to the stockholders. The National Liberty as of July 1 shows assets \$23,738,719; capital \$1,500,000; premium reserve, \$9,246,204; net surplus, \$11,684,746. The National Liberty and its running mates, the Baltimore American and the Peoples National, have been under the personal guidance of Ralph Jonas, chairman of the Financial & Industrial Securities Corporation, which is the holding company, and George U. Tompers, president of the National Liberty and the Securities Corporation. During the time of the present management the capital has remained the same. The increase in net surplus for the six months ending July 1, after paying a dividend, was \$4,620,063. The present management has been in control since Jan. 1, 1924. During that time the National Liberty has paid regular dividends of 20 percent and in two years extra dividends of 20 percent. The par value of the National Liberty is \$50 a share.

The Baltimore American showed an increase in net surplus of \$848,688 the first six months and the Peoples National \$533,970. The combined addition of the net surplus of the three companies after payment of dividends amounted to \$6,002,751 during the first six months.

### OFFERS FOURTH SERIES

The fourth series of insurance trust certificates is now being offered by the Insurance Shares Corporation of New York in association with investment dealers of Baltimore, Hartford, Springfield and other centers. The Insurance Shares Corporation deals in stocks of leading insurance companies, issuing its certificates at prices within the purse of small investors.

### BAYLES MADE HOME DIRECTOR

Edwin A. Bayles of the New York City law firm of Williamson & Bayles has been elected a director of the Home, filling the vacancy in the board created through the death of Judge Elbert H. Gary. He is also a director of the City of New York, allied with the Home. During the world war, Mr. Bayles was counsel for the housing division of the United States Shipping Board, and was active in the work of the Emergency Fleet Corporation.

## CHANGES IN THE FIELD

### ALLEN IS NOW STATE AGENT

Great American Announces Plans for Minnesota Following the Resignation of Robert J. Jordan

Following the resignation of State Agent Robert J. Jordan of the Great American in Minnesota to enter the customs service in Nicaragua, Vice-President C. R. Street announces that Clarence A. Allen will be in commanding charge of the company's interests in

the state. He will be assisted by E. L. Wurst, T. G. Dahl and A. M. Wurst. A. W. Wells continues as special agent in the hail department. The company's office will continue at 813 National Bank building, Minneapolis. All these men are well known to the agents and entirely competent. The field men will not only represent the Great American but its affiliated companies as well.

E. C. Olinger

The La Salle Fire of New Orleans



has been licensed by the Oklahoma insurance board, with E. C. Olinger as state agent.

### TEXAS HAS BEEN DIVIDED

#### North British & Mercantile Has Just Partitioned the State in Three Independent Jurisdictions

The North British & Mercantile, which has handled Texas as one field, is dividing the state into three independent fields. Wirt Leake of Dallas has been state agent, but hereafter will handle north Texas only. Special Agent Charles Williams of Houston takes charge of southeast Texas. John H. Calhoun is given charge of southwest Texas, with headquarters at San Antonio. Mr. Williams has served as Mr. Leake's assistant. Mr. Calhoun comes from the head office in New York. He spent four years in Texas with the Cotton Insurance Association.

#### Joseph R. Beardsley

Joseph R. Beardsley has just been appointed by the North British & Mercantile group as special agent for the automobile department for the middle states. He was born in Pennsylvania and has traveled through the eastern states for a number of years. His particular function is to work with and for local agents to increase their automobile business. Besides field and home office experience, he was a local agent for fourteen years.

#### BISBEE JOINS LUNDE & BUSWELL

W. T. "Jack" Bisbee has resigned as manager of the Chicago local department of Marsh & McLennan, effective Oct. 1, to become vice-president of Lund & Buswell, who are now located in the Old Colony building. They are taking greatly enlarged space in the new Insurance Exchange Annex on its completion.

Mr. Bisbee is well and favorably known to the insurance fraternity and enjoys a very extensive acquaintance in insurance circles. He has been a member of the Underwriters Association of the Northwest for many years, is a charter member of the Insurance Club and the Cook County Field Men's Association.

His insurance career commenced with the Iowa State of Keokuk, Ia., in which city he was born. He went to Chicago in 1900 to become associated with the London & Lancashire, under Manager John S. Belden, as its reinsurance clerk, later becoming loss clerk in full charge of the loss department. After several years of this experience he became Cook County special agent. In 1908 he went to the National Fire of Hartford as Cook County special agent. This position he held for 12 years, during which time he is credited with having developed a highly profitable business among the agents and brokers in that field. In 1920 Mr. Bisbee became associated with Marsh & McLennan, succeeding Walter

E. Miller as manager of the local department in Chicago.

#### SCHOLARSHIPS AWARDED

The scholarship awards for the fire insurance course at Northwestern University School of Commerce and the course in fire protection engineering at Armour Institute of Technology have been announced by the fire insurance company subscribers to the two plans. The course at Northwestern is cooperative in that the student spends part of his time in the awarding company's office, supplementing his theoretical instruction at University with practical training of the office. This has proven successful in its practice at Northwestern University and the idea has been adopted by Columbia University in New York and other universities and commerce schools are giving consideration to similar plans. The scholarships awarded at Northwestern are as follows:

Aetna, G. E. Rodgers, Jackson, Mich.; World, R. F. Johnston, Aurora, Ill.; Continental, E. B. Birong, Chicago; American Eagle, E. P. Conick, Chicago; Fidelity Phenix, T. F. Johnson, Chicago; Fire Association, G. M. Mathe-son, Des Moines; Fire Association, R. F. Urbauer, Chicago; Fred S. James, H. R. Sheagren, Aurora, Ill.; Great American, E. J. Clements, Cedar Rapids, Ia.; American Alliance, T. T. Harper,

Trinidad, Colo.; Hartford, B. M. Draper, Memphis, Tenn.; Hartford, C. F. Grit-ton, Centralia, Mo.; Citizens, R. G. Birkemeier, Chicago; Home, R. L. Maxwell, Indianapolis; Home, J. D. Vaughan, Oak Park, Ill.; North Amer-ica, F. Earle Cooke, Chicago; Alliance, V. C. McNabb, Ludlow, Mo.; Philadel-phia F. & M., Floyd A. Williams, Clin-ton, Ia.; Marsh & McLennan, M. P. Collins, Sandusky; Providence Washing-ton, R. W. Douglass, Chicago; Queen, C. L. Lundquist, Chicago; Royal, R. J. Prybylski, Gary, Ind.; Newark, E. D. Johnson, Birmingham, Ala.; Springfield, J. L. Jacobson, Maywood, Ill.; Spring-field, R. H. Hohn, Chicago; Westches-ter, C. A. Lawton, Central City, Ky.

The course at Armour is of four years' duration leading to a B. S. degree upon completion of the work. The scholarship men spend at least six months of the four years during their school vacation in the rating organiza-tions of the western field and upon grad-uation are assigned to these rating or-ganizations and are obliged to re-main in their employ for three years. Those named for the fire protection engineering scholarships are as follows:

Francis Austin, Yorkville, Ill.; David B. Baldwin, Chicago; Leroy Booker, Memphis; Richard Eddy, Maywood, Ill.; Edward Erland, Chesterton, Ind.; Arthur N. Fonpell, Denver, Colo.; Al-bert H. Griesman, Aurora, Ill.; Frank M. James, Louisville; Arthur H. Jens, Chicago; Chas. H. Jones, Denver; Robt. H. Kutteruf, Chicago; Ken. Langham-mer, Aurora, Ill.; Maxwell C. Larkin, Chicago; August J. Lenke, Chicago; Jos. M. O'Connor, Chicago; Walter E. Schirmer, Chicago; Theo. R. Schueler,

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Chicago; Paul E. Seidelmann, Aurora; Frank Spaulding, Jr., Maywood, Ill.; Wm. H. Thomas, Chattanooga; Albert Wilde, Aurora, Ill.

ITALIAN PAPER FEATURES PATROL

A trade paper for members of fire departments and those interested in fire protection published at Milan, Italy, called "Il Ponpiere Italiano," in its June issue published a long contributed arti-

cle by Chief F. C. McAuliffe of the Chicago Fire Insurance Patrol, outlining the operations of that body, telling its purpose, what it has accomplished and some of its activities. The article is freely illustrated.

FRANK J. HERRMANN'S CHANGE

Cunningham, Davidson & Co., the Chicago local agents, are putting on a new counter man, Frank J. Herrmann.

He entered the insurance business in March, 1911, with August Torpe, Jr., & Co., remaining until 1917 when he went with the Rollins-Burdick-Hunter Company as assistant counter man. When the war broke out he entered the service, going overseas, being connected with the 9th division. After the war he returned to Rollins-Burdick-Hunter Company and became the counter man. He is now transferring to Cunningham, Davidson & Co.

INSURANCE STOCK QUOTATIONS

H. W. Cornelius of Charles Sincere & Co., the adjustment house of Chicago, gives the following current insurance stock quotations:

	Par	Bid	Asked	Sh.	Div. Per %
Aetna Cas. ....	100	1025	1075	12	
Aetna Fire.....	100	660	680	24	
Aetna Life.....	100	770	780	*12	
Agricultural....	25	110	...	22	
Amer. Alliance..	100	380	...	16	
Amer. Auto.....	10	50	...	20	
American, N. J..	5	28	30	1	
Amer. Surety....	50	279	283	12	
Automobile.....	100	335	...	1	
Bankers & Ship..	100	350	...	10	
Camden.....	5	23	25	20	
Carolina.....	10	50	53	1.40	
City of N. Y....	100	400	415	12	
Colum. Nat. Life	100	220	...	7	
Commonwealth..	100	600	...	20	
Continental.....	25	197	202	6	
Conn. Gen. Life.	100	1775	...	12	
Fidelity & Cas..	25	205	210	5	
Fidelity & Dep..	50	270	275	10	
Fidelity-Phoenix	25	146	150	4	
Firemen's.....	50	248	250	22	
Franklin Fire...	25	260	...	32	
Glen Falls.....	10	54	57	1.60	
Globe & Rutgers	100	1765	1810	36	
Great American	100	425	430	16	
Hanover Fire....	50	270	280	5	
Harmonia Fire..	10	51	54	1.60	
Hartford Fire...	100	650	675	20	
Htfd. St. Boiler.	100	750	...	14	
Home, N. Y.....	100	524	528	20	
Homestead Fire.	10	41	45	40c	
Imp. & Export...	25	102	108	14	
Ins. Co. No. Am.	10	67	69	2	
Lincoln Fire....	20	71	75	4.50	
Maryland Cas...	25	168	169	18	
Merchants, Com.	25	200	...	8	
Merchants, Pfd.	100	125	...	7	
Metropol. Cas...	25	84	88	4	
National, Conn.	100	870	...	20	
National Liberty	50	900	...	10	
National Union..	100	280	290	12	
National Surety.	100	260	262	9	
New Amster. Cas.	10	74	75	24	
Niagara Fire....	50	320	330	10	
Northern, N. Y..	100	340	...	10	
North River....	25	190	...	4	
New York Cas...	25	128	133	4	
Pacific Fire....	25	120	130	3.50	
Pacific Mut. Life	100	800	825	20	
Phoenix, Conn...	100	725	...	20	
Preferred Accl.	100	450	...	23	
Prov.-Wash.....	100	460	...	14	
Rossia.....	25	115	116	24	
Springfld. F.&M.	100	600	...	16	
Stuyvesant, N. Y.	100	220	...	6	
Travelers.....	100	1445	1455	16&Ex	
United States...	20	240	250	5.60	
U. S. Fld. & Guar.	50	355	360	18	
U. S. Mer. & Ship.	100	280	...	8	
Vulcan.....	100	100	...	6	
Westchester....	10	67	69	2.50	

\*Ex-Dividend \$3.

SEASON'S ACTIVITIES START

Chicago's insurance organizations have started or are preparing to start fall and winter activities, and all have high expectations of a busy season. The Casualty Field Club held its first fall meeting on Monday. The speaker was George E. Turner, general counsel of the Casualty Information Clearing House. The Casualty Adjusters Association met Thursday evening at the Electric Club. R. J. Dunn of James S. Kemper & Co. is secretary. On Monday the Automobile Superintendents' Club held its first meeting of the new season. The Examiners' Club will hold a meeting Sept. 29 to outline its fall and winter program.

The Insurance Club has scheduled its educational course for the fall and winter. Two fire courses, intermediate and senior, will be given, the junior course being omitted for this year. The fire courses are under the direction of Benjamin Richards, manager of the Underwriters Service Association. Only one casualty course will be given, the

intermediate course. It will be under direction of R. S. Chaloner, Chicago manager of the Norwich Union Indemnity. It has not yet been decided whether the lectures will be given in the auditorium of the Insurance Exchange or at the Insurance Club. A schedule of dates and the names of the lecturers will be announced next week. The club has organized a bowling team to play in the Insurance Bowling League. The team is captained by E. H. Born of the Union.

ADDITIONAL PREMIUM RETURNS

Additional premium returns as filed with the city collector in Chicago for tax purposes, showing the premium total for the year ending June 30, are as follows:

	1927	1926	1925
Baltimore Amer. \$	66,696	\$ 82,182	\$ 55,130
Connecticut....	285,913	138,180	95,137
Equit. F. & M...	95,387	42,135	27,612
Granite State...	40,613	39,836	35,312
Natl. Liberty...	267,314	259,716	206,147
Phoenix, Conn...	198,285	195,942	152,640
Provident, N. H.	14,616	34,269	18,732

ROYALS TAKE CUP

Final total league games played by teams in the Insurance Baseball League of Chicago resulted in the Royals' winning the league trophy for 15 games won, 1 lost. A three-game series between the Royals and the North Americas will be played for the premier trophy. Results of last week's games are as follows:

North American..	9	Firemens.....	6
Marsh & McLenn.	7	London & Lanc...	1
Royal.....	7	Hartford.....	1
Sun.....	8	Springfield.....	4
Kemper.....	8	Sanborn.....	6

Final standings of the teams are as follows:

	W.	L.	Pct.
Royal.....	15	1	.937
North American..	15	2	.882
Firemens.....	12	5	.706
Kemper.....	11	5	.688
Marsh & McLennan	10	7	.588
Hartford.....	8	8	.500
Sanborn.....	4	14	.222
Sun.....	3	15	.166
Springfield.....	3	15	.166
London & Lancashire	2	14	.125

COOPERATIVE EFFORT SEEN

One effect of the cooperative combinations which are being made between fire company fleets and casualty companies has been noted. Where each company in the fire fleet has a representative in a town or city and is getting a satisfactory volume of business out of all agencies, no agency representation is likely to be disturbed but where the volume for any one of the companies in the fleet is not satisfactory or is not as large as probably would be received from the representative of the casualty company, then the representa-

OPPORTUNITIES

This column serves as a market place where insurance wants may be made known to thousands of interested insurance men. Advertisements which are received before 9:00 A. M. Wednesday are inserted in the current issue. "Opportunities" advertisements are \$5.00 an inch for one insertion.

The National Underwriter  
Chicago

Position with a Future Wanted

Young man, 31 years old, with 5 years Fire special agency experience, and 6 years general office work, desires a position, preferably inside, which has opportunities for advancement. At present employed and can give excellent references as to ability, character, etc. Address B-93 care The National Underwriter.

Examiner Position Wanted

Young man with eight years of underwriting and field experience would like to make connection with Western Department located in Chicago. Address B-92, care The National Underwriter.

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### TO INSURANCE AGENTS AND BROKERS:

WE ARE MAKING APPRAISALS OF INDUSTRIAL ESTABLISHMENTS THAT YOU CAN USE WITH CONFIDENCE FOR THE PLACEMENT AND ADJUSTMENT OF FIRE INSURANCE. THESE APPRAISALS ARE BASED UPON A DETAILED INSPECTION AND INVENTORY MADE BY TRAINED ENGINEERS. COSTS TO REPRODUCE NEW, COSTS TO REPRODUCE NEW LESS DEPRECIATION AND INSURABLE VALUES ARE SHOWN. CLASSIFICATIONS CONFORM TO INSURANCE RIDER FORMS. WE DESIGN PLANTS, WE BUILD PLANTS, WE MANAGE PLANTS. OUR APPRAISALS ARE MADE, THEREFORE, FROM FIRST HAND INFORMATION. ASK US ABOUT THEM.

## Ford, Bacon & Davis Incorporated Engineers

115 BROADWAY NEW YORK  
PHILADELPHIA CHICAGO SAN FRANCISCO NEW ORLEANS

tion for that fire fleet company is taken out of the non-productive agency and turned over to the agency representing the casualty company.

Some agency transfers have been made on this plan of operation. Special agents who are actually handling details in connection with furthering the interests of the cooperative combinations say that it is too early at this time to determine whether changes of this kind are likely to be frequent or how far reaching the whole plan of operation may become. It would seem from this plan of procedure that the cooperative combinations will result in placing the strongest fire companies in agencies which are the most productive in the community. There will be a natural tendency for the agent who is not giving a satisfactory volume to the fire companies to be dropped in favor of the casualty company representative who may be in position to deliver more premiums.

#### KRUEGER WITH FALVEY & CO.

George E. Krueger has been appointed Cook county special agent for John J. Falvey & Co., well known Chicago general agency. Mr. Krueger was formerly automobile underwriter in the Cook county department of the North British & Mercantile where he remained for a period of two years and later spent four years in the western department of the North America. He has a good following in the city.

Edward H. Kessberger of Stewart, Keator, Kessberger & Lederer of Chicago has just returned from an extended trip through Alaska.

#### DUTIES OF LOCAL AGENT AFTER LOSS OCCURS

Answering a question as to an agent's duty after a loss has occurred, George Lyster, adjuster in Indiana for the American Fore companies, points out that neither the certificate of authority to act as agent, nor the policy contract itself, imposes any duties upon an agent or grants him any privileges.

While he has very limited duties after a loss, an agent can render considerable service. He should be careful not to overstep his authority and commit the company in regard to any feature of the loss, either as to the amount or as to the liability of the company. He has no power to make any change in the policy by endorsements or otherwise after the loss.

It is customary for the assured to notify the agent of a loss and the agent should fill out the regulation loss blank giving all the information called for. This should be made in duplicate and one copy sent to the company and one to the field man or adjuster so as to get quick service. Notice of loss should not be telegraphed unless there are very strong reasons. The printed notice with all questions filled out is the best.

The agent should point out to the assured what the latter's duties are under the policy. If the assured will only follow the policy requirements the situation will be sufficiently covered. It is the assured's duty to look after the damaged property and preserve as much of it as possible and this duty should never be undertaken by the agent. The agent should not assist the assured in making out a proof of loss unless he has been specifically authorized to make the adjustment himself.

#### New Company Forming

Announcement of organization of the Reinsurance Corporation of America, stock to be held by the American Phenix Corporation of Connecticut, which will have \$1,500,000 capital, has just been made. Horace Wemple will manage the Reinsurance Corporation, and William Wemple will be executive committee chairman. Both are well known in reinsurance circles.

A bedbug is most despised because of the way it gets its living.

### COMMITTEE MEETING ACCOMPLISHES LITTLE

#### NUMEROUS PROBLEMS ARISE

No Conclusion Arrived at on Matter of Binding Offices, Though Question Is Vexing

NEW YORK, Sept. 14.—Although the meeting of the executive committee of the Eastern Underwriters Association held on Tuesday was unusually well attended and long continued, little of a definite nature was accomplished. The inherent explosion question was considered, being later referred to a special committee to be taken up with similar committees of other associations.

No conclusion was arrived at with respect to the troublesome matter of binding offices, the sub-committee having it in charge being asked to give it further study in the light of the views expressed by various members of the executive committee. There are probably not more than a dozen bona fide binding offices in this city.

#### Problems Now Complex

One proposition was that these be not permitted to locate below Chambers street, thereby making it more difficult for brokers to solicit business from their fellows, amounting to nothing more than getting excess brokerage, or for agents to collect additional commission to which they are not clearly entitled. So many angles to the question have developed that what was at first deemed a comparatively simple problem has developed into one of great complexity.

Nothing was done regarding non-policy writing agencies, one of the most important issues before the organization and one to which constant attention is being given by managers generally.

#### SOME OPPOSITION DEVELOPS

Proposal to Change Time Angle in Texas Basis Schedule Frowned On by Chambers of Commerce

Representatives of 10 or more fire companies and 20 chambers of commerce of various Texas towns attended an all-day hearing of the state fire insurance commission on proposed changes in Texas general basis schedules.

The most strongly contested proposal was that of using five years as a basis for calculating good fire record credits and bad fire record penalties, instead of the three-year period which has been in use to this time. Representatives of various chambers of commerce opposed the change mainly on the ground that the fire insurance credit granted for a good record during the last three years might be wiped out or changed to a penalty if the period were lengthened to the five-year proposal.

A decision will be announced at a later date, R. B. Cousins, new commissioner of insurance, announced at the meeting.

The following fire rate changes and other matters were taken under advisement by the commission:

Cottonseed oil mill schedule, vacancy and unoccupancy permits and charges, tenant charge on a vacant building, coal mining properties, frame range and exposure charges, concrete tile and brick construction, open and temporary rates, standard dwelling house policy form, rates on live stock, harness, vehicles and farm machinery, pyroxylin paints, moving picture shows, theaters and auditoriums, defining a "thickly settled community," private garage charges, arson reward, correction in country hay charge, petroleum properties schedules, form No. 17, builders' risks, writing term policies at vacant or temporary rates, defining non-standard flues, and a change in fireworks charges.

1852 1927

## In the Bell Ringer Days

From a tower, an \$800 a year Bell Ringer scans the City of New York for signs of a fire. He sees one after it has gained considerable headway. The alarm sounds. The clamor begins. Two antagonistic Volunteer Fire Companies answer the call—they meet on the way—and a pitched battle to decide which will fight the blaze ensues while the fire burns merrily on. All this less than 50 years ago!

## THE HANOVER FIRE INSURANCE COMPANY of New York

Charles W. Higley, President  
NEW YORK CHICAGO SAN FRANCISCO



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Formerly THE WESTERN UNDERWRITER

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### Doing Unto Others

ONE of the most recent fields of development somewhat allied to insurance in its multiple contacts is that of appraisal work. From this new field comes a gently voiced complaint of reaction insurancewise, particularly in the metropolitan districts. Admittedly it is difficult to equitably operate any group of professional men in the metropolitan districts, for there are always some without the organization and some within the organization who do not feel bound by rules and regulations in the big cities, but even in these communities the insurance agents would do much for the good name of their profession to carry out that admonition of "Doing unto others as they would have done unto themselves."

The complaint of the appraisal men is not of a lack of interest on the part of insurance agents, but rather, in the metropolitan districts, of too keen an interest. That is, appraisals have become definitely established as a necessary and vital service which every insurance agent can recommend to his client, but coincident with this increased popularity of a service which was formerly difficult to sell, there has come an increased difficulty in the sale of the service. Appraisal salesmen have found that insurance agents, instead of co-operating with them in spreading this service among the insurance class, are becoming competitors. In the metropolitan areas insurance agents, finding that the appraisal salesmen have their commission on sales and knowing that the broker and agent is an invaluable lead to the client, have seen fit to ask for a share of the commission. At the outset a very small commission was and is sought. As this is granted and com-

petition increases the commission asked is increased, until in the heat of the debate the appraisal salesman is left to hold the bag, with a great bulk of his commissions going over to the broker or agent. It may be answered that the appraisal salesman does not have to share his commission—but there is an answer to this, in that competition is competition and when one-half of the salesmen is sharing in a commission income, the other half is not and, naturally, is not sharing in the sales.

Appraisal men are not open in their complaints, but they feel this new form of competition. Nor are they the only ones to feel it. Insurance agents have numerous contacts with other professions in which they are of use in the production of business and from which many derive a very handsome addition to the income. On the other hand agents and brokers complain of types of business which cut into their own commission. Rebating, of course, is in many cases prohibited by law, in other cases by ethics and yet there is much in common with this practice of invading the commission field of other professions. Just as agency organizations in many places have taken strenuous action on installing the sprinkler protection equipment without cost by agents and brokers, similar action would not be amiss in connection with some of these other endeavors which do not add to the good will of those men with whom the insurance men find themselves unnatural competitors. These same agents and workers who seek to share in others' commissions would—or should, at least—look askance upon the request of others to share in their own commissions.

### Need for First Class Companies

AGENTS representing casualty companies should realize the fact that claims may extend over a number of years before there is final adjudication. Suits for damages can be started in some states as long as six years after the accident occurred. In Wyoming 10 years may elapse before a suit can be started for fatal or non-fatal injuries. Where the

accident results in a fatality in most states the time limit is cut down. In Washington, South Dakota, New Mexico, Montana and Michigan, a suit may be started within three years' time. The person causing the accident may have forgotten all about it. This shows the desirability of having first class protection at all times.

## PERSONAL SIDE OF THE BUSINESS

J. G. Hubbell, manager of the National Inspection Company of Chicago, who has been in a hospital undergoing an operation for duodenal ulcers has returned to his home at Evanston, Ill., and is recuperating. Mr. Hubbell is able to be about the house and yard. It is not likely that he will get down to his office the rest of the year. He had a severe jolt and it is necessary for him to get back his strength.

Mr. Hubbell was suddenly stricken on the golf links. His wife had just gone abroad. He particularly requested that she be not told about the unfortunate incident until later in the season. Mrs. Hubbell and her children have now returned to their home.

John C. Harding, of Chicago, western manager of the Springfield, left Monday of this week for New York. He will spend a few days there prior to going to Manchester, Vt., to attend the Western Union meeting.

Guy E. Beardsley, vice-president and secretary of the Aetna (fire) has been elected a director succeeding the late William B. Clarke. He also becomes a director of the World Fire & Marine and the Mayflower Security Company, the holding company of the Aetna. Mr. Beardsley is now a director of the Century Indemnity and also a director of the Phoenix State Bank & Trust Co., of Hartford and trustee of the Society for Savings. His election took place at the directors' meeting Monday, at which a resolution on the death of Mr. Clarke also was passed.

Arthur W. Jones, assistant treasurer of the Twin City Fire at its home office in Minneapolis, won the championship of the Superior Golf Club at Minneapolis, Sept. 11. Mr. Jones has been improving his game all year, and evidently reached its peak Sunday, although he only beat his opponent by one and thirty-sixths hole. He was awarded a large silver trophy.

A. E. Vandeventer of Denver, who was formerly Illinois special agent for the Aetna and a son of W. E. Vandeventer, for many years state agent and later head of the farm department in the west, died Sunday after a continued illness. Vandeventer, Jr., was compelled to leave the Illinois field and go to the Rocky Mountain territory for his health. He served the Aetna there for some time, but has been disabled and sought relief in a number of sanitariums. He was regarded as a young man of superior ability. His father left Monday for Denver.

Edwin H. Davis of Des Moines, special agent of the Home of New York, won distinction recently on the Hyperion Country Club golf course there by executing a hole in one. This is the great ambition of all golfers. Mr. Davis is one of the few members of the club who have won this honor. He is a son of State Agent O. J. Davis of the Home. He has been properly decorated by the Hole-in-One Club.

Floyd W. Clark of Saginaw, state agent of the Atlas Assurance in Michigan, is slowly convalescing from a two weeks' illness of pneumonia.

Paul E. Rudd of Milwaukee, state agent of the Aetna who is nationally known as the grand wielder of the goose quill of the Blue Goose, having served in that capacity for many years, is one of the directors and is assistant secretary and assistant treasurer of the North Shore Military Academy now being established at Niles Center, Ill., near



PAUL E. RUDD, Milwaukee  
Interested in New Military School

Chicago. This is a new educational project, the administration building having been completed. It is situated between Dempster road and Oakton street. A limited number of boys will be accommodated this year. The site is adjacent to the Evanston Golf Club. Oscar E. Carlstrom, attorney general of Illinois, is chairman of the board. A number of men prominent in business and professional life are interested in the enterprise.

Mark Skinner, superintendent of agencies of the Automobile of Hartford, has resigned to engage in other business in Hartford. He was in charge of the western territory under the direction of Assistant Secretary R. R. Stone and before assuming that position was in the special hazard department. He will not be replaced as the work will be absorbed in the department.

Charles H. Yunker, president of the Milwaukee Mechanics is spending his vacation in northern Wisconsin near Minocqua.

H. F. Badger, secretary of the Pacific Board, who has been ill for more than five weeks, is now at Sutton's Sanitarium in Los Gatos, Calif., to recuperate.

Ralph E. Clark, general manager of the Home of Hawaii, is visiting the mainland and has reached San Francisco after looking over the Pacific northwest territory. He will remain in California about a month longer. The Home, which is represented in the Coast territory by the Norwich Union, has shown a steadily increasing volume of business since it entered the United States about three years ago.

Frank L. Hunter, Pacific Coast manager of the Norwich Union, who was called to the head offices of the company in England more than three months ago, has returned to his desk in San Francisco. While on the other side of the Atlantic, Mr. Hunter spent several weeks on the continent visiting the leading cities and points of interest there.

Walter E. Miller of Chicago, western manager for the Fred S. James & Co. companies, and Mrs. Miller started Wednesday of this week to drive to the Western Union meeting at Manchester, Vt., to be held next week. They will spend three days in Michigan en route.



# Typical Floor Plan of The Insurance Exchange

Showing new section of the Insurance Exchange Building, a duplicate of the present structure. When completed will be Chicago's largest office building, one entire city block, with 1,118,000 square feet of floor space. 21 stories high.

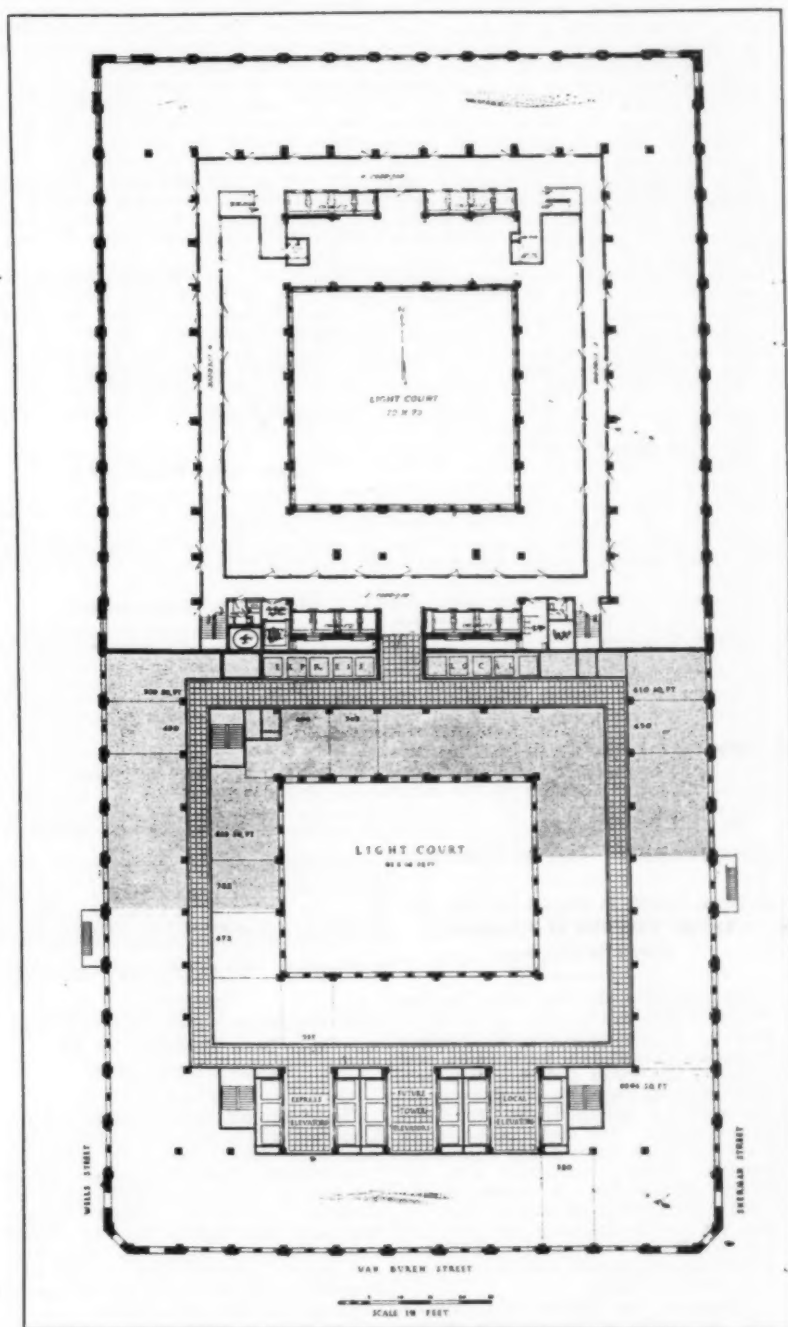
Jackson, Sherman, Wells, and Van Buren Streets, CHICAGO

## Floor Plans.

This is a plan of a typical floor of the Insurance Exchange, both north and south sections. Note the ample provisions that have been made for the maximum of light and ventilation, and economy in the layout of space.

The spaces range from single offices of 357 square feet to an entire floor of 28,200 feet.

Tell us your space requirements and a detailed plan will be submitted to you entirely without obligation on your part.



## Dates of Completion:

Insurance Exchange South is being erected in two sections. The south section, facing Van Buren Street, will be available for occupancy by March 1, 1928. The central portion, adjoining the present Insurance Exchange building, will be ready by November 1, 1928. Leases may be made now for either section or parts of both.

FOR PLANS AND FURTHER INFORMATION APPLY TO

**E. W. RINDER**

Room 808, 175 W. Jackson Boulevard

INSURANCE EXCHANGE BUILDING

Telephone, Wabash 0756

CHICAGO



# FIRE INSURANCE NEWS BY STATES

## OHIO AND WEST VIRGINIA

### OBJECT TO THE PROHIBITION FIELD MEN HAD MEETINGS

#### Columbus Chamber of Commerce Condemns Ruling on Riot and Civil Commotion Cover

The Columbus Chamber of Commerce has sent in a protest to the governor of Ohio and the state insurance department regarding the ruling of the superintendent of insurance prohibiting companies from writing riot and civil commotion insurance in Ohio. The Chamber of Commerce says:

"Riot and civil commotion insurance is designed to afford protection from loss or damage at a time when the police power of government fails to prevent disorder and violence. The statute seems to authorize this form of insurance. Surely it is not forbidden by law. Therefore we cannot understand how the superintendent of insurance has any power to forbid it. His duty is to see that insurance companies are in the solvent condition prescribed by the law and that they do not exceed the powers authorized by law. When a company is solvent it would seem that any citizen could contract with such a company against any risk which is not prohibited as a subject of insurance.

"This insurance has heretofore been issued in this state without objection. It is an important safeguard to the invested capital of our law-abiding citizens as was manifested during the recent Sacco and Vanzetti riots. The order of the superintendent is general. It forbids the writing of such insurance in all parts of the state where there is civil and industrial peace. It prevents law-abiding citizens from securing protection from outbreaks with which they have no concern. If the superintendent can forbid this insurance when he thinks riot or civil commotion are imminent then he could forbid fire insurance when he thought conflagrations were imminent.

"Such assertion of power is so surprising and far-reaching that we respectfully urge that the order of the state superintendent of insurance be rescinded."

### PREPARING FOR INSPECTION

#### Chamber of Commerce Actively Cooperating With Fire Prevention Association for Columbus Plan

The Chamber of Commerce in Columbus, O., is actively cooperating with the Ohio State Fire Prevention Association in preparing for the inspection in Columbus to be made by the association the week of Oct. 3. The Chamber of Commerce will begin its forum meetings one week earlier in order to hear Richard E. Vernor of Chicago Sept. 30. On the following Friday, Oct. 7, after the inspection, the Chamber of Commerce forum will be addressed by Harry K. Rogers. All civic organizations and luncheon clubs in Columbus are aiding to make the work in Columbus successful. Secretary Daniels of the Columbus chamber and representatives of other civic organizations of the city met with the executive committee of the Fire Prevention Association on Monday of this week.

#### Big Loss at Dayton

Fire caused a loss of \$200,000 at Dayton, O., when a warehouse and show property belonging to George Wintz were destroyed. The show effects were for an edition of the Follies which was to have opened in Springfield, O., this week.

#### Ohio Organizations Switched Place of Gathering for First Fall Muster to Cincinnati

The field men of Ohio held their monthly meetings in Cincinnati last week. In the absence of President John M. Neuberger of the Union organization, Vice-President B. T. Tinsley presided. Walter R. Fogg of the Western Fire of Kansas and W. A. Heyden of the Royal were admitted to membership.

Fred W. Ransom, former state agent for the Providence Washington and now with the western department of that company in Chicago as assistant manager, and William C. Kirkland of Chicago, district manager of the western department of the Travelers, spoke briefly. J. R. Rygel, of Chicago, agency superintendent of the Hanover, E. G. Frazier, Chicago, agency superintendent of the Springfield and H. F. Gregg, second assistant manager of the Royal were present at the outing.

President E. A. Winter of the Bureau organization was in the hospital last week as the result of an automobile accident and Vice-President W. E. Jones presided. C. A. Rich, manager of the Underwriters' Adjusting Company, spoke on loss adjustments.

Harold W. Smith, former special agent for the American Central in Ohio and now with the same company in western New York, sent letters to both field men's organizations expressing his thanks for the wedding present which the field men had given him.

Wednesday afternoon the Blue Goose fall outing was held at a country club in Kentucky. A thunder shower during the afternoon prevented carrying out the plans for completing the initiating of candidates for Blue Goose membership. This initiation ceremony will take place at the Cleveland meeting of the Blue Goose in December.

### RECOMMEND IMPROVEMENTS

#### National Board, in Report on Fire Protection Facilities of Columbus, Shows Weaknesses

COLUMBUS, O., Sept. 13.—The National Board has written a letter to Mayor J. J. Thomas of this city in which it urges that additional water mains, new pumps, a fire tower and immediate better housing of the city's fire alarm headquarters be provided by the city administration. The letter is based on a survey which covered fire equipment, hazards, fighting personnel and the records of the city. According to the report, the number of fires is high, the loss per capita moderate and the loss per fire low, the gross loss in seven years being \$5,929,421, with the average loss per fire of \$649.

Discussing the report, city officials said that many of the projects recommended are now underway while others have been proposed by the city officials from time to time.

Fire resistive features in the congested district, according to the report, are inadequate, the construction being weak, and making serious individual fires possible. Many fire walls are found, however, and the fire fighting facilities are fair, so that, in the opinion of the author of the report, no very serious conflagration is likely.

For some years the city officials have urged a fire tower and a training school for firemen has been under consideration for a long time although no definite

action has been taken. R. E. Vernor, chairman of the contest committee of the National Fire Waste Council of the United States Chamber of Commerce, is to address the Columbus Chamber of Commerce on Sept. 30, and the following week an inspection of the city will be held.

### COMPANIES SAY RULING ADVERTISED BUSINESS

According to some of the companies writing the explosion and riot and civil commotion lines, the effect of the Ohio commissioner's ruling that until the mine strike in the southern part of the state is settled no company may write riot and civil commotion in the state has had the effect of making both these lines greatly desired and has increased business in Ohio in the explosion line. The mine owners are still trying to obtain riot and civil commotion coverage, with no likelihood of winning unless some company or companies violate the commissioner's edict.

Since the Sacco-Vanzetti uprisings before these two men were electrocuted, business in both these lines has taken a swing upward, with the end of the swing not yet reached. A number of companies are still obtaining business that is traceable directly to the Sacco-Vanzetti case and the disturbances that arose out of it.

#### Gray Visits Head Office

J. H. Gray, state agent of the North British & Mercantile in Ohio, is on an eastern trip this week. While in the east he will visit the New York headquarters of the company.

#### Name Lima Superintendent

E. J. Miessler has been appointed permanent superintendent of the Lima office of the Ohio Inspection Bureau to succeed the late Wallace Landis. Mr. Miessler has been connected with the Lima office for some time as an inspector.

#### Plan for Big Inspection

It is expected that 200 fire insurance inspectors will take part in the clean-up and paint-up campaign to be conducted

in Columbus, O., the week of Oct. 3. Russell M. Knepper, secretary of the Columbus Fire Prevention Association, will act as chairman. He has appointed a committee to assist in the work.

### Ohio Notes

A fire inspection at Lancaster, O., will be held Sept. 20.

Carl D. Mead has bought the Hanna Agency at Cadiz, O.

C. H. Merritt has sold his agency in Geneva, O., to George H. Cowdery.

The Karl Krieger Agency at Athens, O., has been sold to E. H. Rutherford.

The New Vienna, O., Agency of Carey E. Deck has been transferred to Tolle & Williams.

The agency of H. R. McPherson at El Dorado, O., has been transferred to J. Harry King.

The E. S. Mohler Agency at Covington, O., has been transferred to W. S. Richeson. Mr. Richeson has been in the insurance business in Covington before.

Ohio Inspection Bureau rating crews recently started work on Dover, Pomeroy and Middleport. Work on the rating of Conneaut is expected to be begun at an early date.

Willard A. Holt, Jr., of Warren, O., has purchased the interest of his associates in the Holt-Morris Agency and the agency will now be known as the Holt Insurance Agency.

After considerable delay, a satisfactory water supply has been obtained by Crooksville, O., and work on the new water system is expected to be gotten under way immediately.

The Harry B. Hull Agency at Findlay, O., was transferred to the widow of Mr. Hull, Alice B. Hull, and then Harry Gassman became a partner in the agency which will now be known as Gassman & Hull.

The Blue Goose members at Columbus, O., are holding a luncheon at the Neil House each Monday noon and fire insurance men who are members of the organization are asked to join in the noon refreshment and informal meetings.

Contract for an Ahrens-Fox 750-gallon pumper has been awarded by Marietta, O. The first bids were thrown out due to charges of irregularity. The old pumper which the city now owns is to be repaired and retained in service.

Celina, O., recently purchased and placed in service a 750-gallon triple combination pump. The pump was purchased as part of a program which the city is attempting to fulfill for the purpose of obtaining a better insurance classification. A set of ladders which the city now owns and which are mounted on a horse drawn chassis are to be rebuilt on the Nash truck which the city now has. Additional water supplies have also recently been developed.

## CENTRAL WESTERN STATES

### INDIANA DIRECTORY ISSUED

#### New Insurance Handbook of the State Has Been Published by the National Underwriter

The eighteenth biennial edition of the Underwriters' Handbook of Indiana has just been issued by THE NATIONAL UNDERWRITER. This book shows all of the insurance interests in the state including the licensed companies, adjusters, state and special agents, general agents, insurance attorneys, local, state and national organizations, as well as a complete alphabetical list of the agents arranged by cities and towns.

The book is compiled in a thorough manner and is especially serviceable to all who are interested in the complete insurance layout of the state.

There is included the premium and loss record for fire, casualty and life companies for the past six years. In addition, there is included a resume of the insurance laws, compiled by Guilford Deitch of the Indianapolis bar. There is a brief summary made of the development and growth of the insurance business of Indiana in the past two years and which is written by Irving Williams, editor of "Rough Notes," that formerly compiled and issued the Indiana Handbook.

### MICHIGAN AGENTS TO MEET

#### Annual Convention to Be Held at Battle Creek, Sept. 28-29,—Will Have Interesting Program

The annual meeting of the Michigan Association of Insurance Agents will be held at the Post Tavern, Battle Creek, Mich., Sept. 28-29. The forenoon of the first day will be given over entirely to registration of all who attend the convention. At 12:15 there will be a conference of officers of local boards over which Vice-President Fred L. Winter will preside. At this meeting there will be a presentation of the principal objects of local boards and opportunity will be given for discussion by all present. The opening session of the convention proper will take place at 2 p. m. This will be a business meeting in the form of an executive session for local agents only. The annual banquet will be held at 7 p. m. The banquet will be informal and speeches and toasts will be brief. The banquet will be followed by dancing.

#### Have Educational Meeting

The first session Thursday morning, opening at 9:30 a. m., will be in the form of an educational meeting. One of the principal speakers at this meet-



## LOYAL TO PRINCIPLE, AND TO LOYAL AGENTS, LOYAL

NEAL BASSETT, President

A. H. HASSINGER, Vice President and Secretary

JOHN KAY, Vice President and Treasurer

WELLS T. BASSETT, Vice President and Secretary

### JANUARY 1ST, 1927, STATEMENTS

#### ORGANIZED 1855 FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

ASSETS	LIABILITIES	CAPITAL	NET SURPLUS	SURPLUS POLICYHOLDERS
\$27,602,649.57	\$17,796,927.66	\$5,000,000.00	\$4,805,721.91	\$9,805,721.91

#### ORGANIZED 1853 THE GIRARD F. & M. INSURANCE CO. OF PHILADELPHIA, PA.

\$5,648,862.17	\$2,938,563.59	\$1,000,000.00	\$1,710,298.58	\$2,710,298.58
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#### ORGANIZED 1854 MECHANICS INSURANCE CO. OF PHILADELPHIA, PA.

\$4,452,703.00	\$2,748,734.22	\$600,000.00	\$1,103,968.78	\$1,703,968.78
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#### ORGANIZED 1866 NATIONAL-BEN FRANKLIN FIRE INS. CO. OF PITTSBURGH, PA.

\$4,725,350.94	\$2,702,814.94	\$1,000,000.00	\$1,022,536.00	\$2,022,536.00
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#### ORGANIZED 1871 SUPERIOR FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$4,600,981.46	\$2,598,996.65	\$1,000,000.00	\$1,001,984.81	\$2,001,984.81
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#### ORGANIZED 1870 CONCORDIA FIRE INSURANCE CO. OF MILWAUKEE, WIS.

\$5,261,240.09	\$2,942,034.49	\$1,000,000.00	\$1,319,205.60	\$2,319,205.60
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#### ORGANIZED 1886 CAPITAL FIRE INSURANCE CO. OF CONCORD, N. H.

\$724,764.95	\$733.34	\$300,000.00	\$424,031.61	\$724,031.61
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TOTAL ASSETS  
\$53,016,552.18

TOTAL LIABILITIES  
\$31,728,804.89

TOTAL NET PREMIUMS  
\$25,001,307.09

HOME OFFICES		DEPARTMENT OFFICES	
PHILADELPHIA, PA.	CONCORD, N. H.	MILWAUKEE, WIS.	PITTSBURGH, PA.
CHICAGO, ILLINOIS			SAN FRANCISCO, CAL.
Western Department 844 Rush Street H. A. CLARK, Manager			Pacific Department 60 Sansome Street W. W. & E. G. POTTER, Managers

## LOYAL TO PRINCIPLE, AND TO LOYAL AGENTS, LOYAL





## WHAT FIRE DESTROYS CANNOT BE RECLAIMED

When material is totally destroyed by fire, that is the end of it. There is nothing of any value left to be reclaimed.

That is why insurance protection against fire is so essential. Should a company or individual suffer a complete fire loss while not carrying insurance, they would have nothing with which to rebuild—and no income to cover expenses during the reconstruction period. Their only safeguard would be accumulated profits or reserves from which the money could be drawn. But not many have sufficient funds to take care of such an emergency and continue operations.

Agents of the Harmonia should provide full protection for their clients by selling them complete Fire Insurance—protection against loss from overhead expenses while rebuilding is in progress (Use and Occupancy) as well as the actual replacement costs.

*Progressive, well qualified  
agents will do well to con-  
sider representation in their  
agency for the*

**HARMONIA**  
Fire Insurance Company  
NEW YORK OFFICE  
59 MAIDEN LANE

## A Dependable Company

**Agricultural**  
Insurance Company  
of Watertown, N. Y.

ing will be L. M. Denniston, superintendent of inspection and training at the home office of the Travelers. Another speaker will be Henry Swift Ives, vice-president of the Casualty Information Clearing House. Donald G. North of New Haven, Conn., will tell of some of the projects being undertaken by the National association. Mr. North is a member of the executive committee of that body. The morning session will be concluded with reports of committees and election of officers. A golf tournament will be held Thursday afternoon commencing at 1 p. m. Prizes have been furnished by a number of the companies. A farewell dinner will take place at 7 p. m. at the Battle Creek Country Club, when prizes will be awarded. The newly elected president will preside at this dinner.

### To Hold Annual Meeting

The annual meeting of the Illinois Fire Prevention Association will be held in the Chicago Board rooms at 1 p. m. Sept. 26. W. C. Sonnen of the Liverpool & London & Globe is president. Owing to the unwritten rule, a member of the Western Insurance Bureau will be elected president for the ensuing year. A. H. Knight of the National Liberty will undoubtedly be chosen president.

### Huntington County Agents Organize

HUNTINGTON, IND., Sept. 14.—By-laws and a constitution similar to the state and the national rules were adopted by the Huntington County Association of Insurance Agents at a recent dinner. The association includes agents for stock fire, casualty and surety insurance.

### Moves to Grand Rapids

Carl A. Hallberg, special agent of the Detroit Fire & Marine, has moved from the home office at 625 Shelby street, Detroit, Mich., to the Monument Square building, 10 Monroe avenue N. E., Grand Rapids, Mich., office telephone 4228.

### Miss Cain Resigns

Miss Florence E. Cain, for the past five years secretary of the Illinois Field Club, has resigned and will return to Chicago to enter another branch of the insurance business. The headquarters of the Illinois Field Club were recently moved from Chicago to Peoria. Miss Cain has served the Field Club efficiently and her loss is keenly regretted by the field men comprising it. She has had an extensive insurance experience and was at one time with the National Automobile Underwriters Conference in New York.

Mrs. Irene Alexander of Peoria has been appointed her successor and will take up the work about Oct. 1. Mrs. Alexander has had six years of insurance experience and has recently been with the Reliance Automobile of Peoria.

### To Hold Quarterly Meeting

The next quarterly meeting of the Illinois Field Club will be held Sept. 27 at 10 a. m., in the field club quarters in the Peoria Life building at Peoria. The principal topic of discussion will be the agency balance rule.

### Will Inspect Joliet

The Illinois Fire Prevention Association will make a town inspection of Joliet some time in October. The business men of the city and the various organizations have promised cooperation.

### To Study Lacquer Work

LANSING, MICH., Sept. 12.—Inspectors for the department of labor and industry and the state fire marshal's division have been called in for a school of instruction Sept. 20 at which time the recently adopted joint code of the two state departments regulating the use of paint sprays and storage and handling of pyroxylin lacquers and other inflammable enamels and varnishes will be explained and the inspectors prepared properly to enforce the new rules. Charles V. Lane, assistant state fire marshal, said that about a score of inspectors would be in attendance at the school of instruction. Most of the regulations included in the code have already been published as they were drafted by a committee appointed at a big meeting of state officers, insurance men, labor

union officials, and manufacturers, held shortly after the Briggs body plant explosion and fire in Detroit brought to the attention of all interested factors the necessity for such regulations. It is understood that the motor and furniture industries, both of which are virtually centered in Michigan and which are the largest users of lacquers and paints, are ready to give their cooperation to the state authorities in making the code effective.

### Peoria Swept by Storm

PEORIA, ILL., Sept. 13.—A terrific windstorm swept Peoria and vicinity last Thursday night. The wind was accompanied by flooding rain and many sections of Peoria and its suburbs were flooded with water as a result of the storm. All steam railroads entering the city were affected by the storm and for a time the city was forced to depend on interurban cars for outside communication in a transportation way. The total loss from the storm was estimated at approximately \$75,000.

### Campaign on Forest Fires

LANSING, MICH., Sept. 13.—Michigan's conservation department is to extend its fight against forest fires in the heavily wooded northern sections of the state, it was indicated last week in an announcement by Leigh J. Young, director of the department, that plans were being made to add several fire observation towers and a number of combination fire trucks to the present fire fighting equipment maintained by the state. The department has been notably successful so far this summer in its fight against scores of blazes which have arisen in various parts of northern Michigan on account of an unusually dry condition. The peril is admitted to be far from past yet, although the first ten days of September saw more rainfall in the state than all of August. Little property and only a relatively small amount of valuable timber has been destroyed up to this time, most of the fires, so far, having been confined to slashings and swamps. Several upper Michigan towns were threatened, however, on a number of occasions and only "lucky breaks" and a hard fight by conservation forces and volunteer workers averted heavy losses.

### Explain Laws to Employees

LANSING, MICH., Sept. 14.—Opportunity to become well posted on the state's insurance laws and departmental rulings will be given every employee of local agencies which are members of the Lansing Fire & Casualty Underwriters Association, at a luncheon being planned for the near future. Commissioner Livingston will be obtained to give a full explanation of the existing laws and regulations.

### Michigan Notes

Clawson, Mich., has approved a \$25,000 bond issue with which to provide a new well and provide extension of the present water system.

Rochester, Mich., has joined with the surrounding territory in purchasing a four-tank chemical truck with full equipment to protect the village and farms aiding in the purchase.

Ann Arbor, Mich., has recently signed a contract with the Harmon Ness Company of Indianapolis to pump well water into the city mains from property at the end of Montgomery avenue. Work will be commenced soon.

### Indiana Notes

Henry E. Fenner, a local agent at Noblesville, Ind., died on Monday of this week.

Ernest Loop, Indiana state agent of the United Firemen's and associated companies, will address the members of the South Bend Chamber of Commerce Oct. 10 on fire prevention in connection with the work of the Western Actuarial Bureau along this line.

### Will Inspect West Bend, Wis.

MILWAUKEE, WIS., Sept. 14.—The Wisconsin State Fire Prevention Association has sent out notices that it will inspect West Bend on Sept. 20. This is the first inspection for the year under the new officers of the association. If there is any time left after the inspectors have finished with West Bend they will go to Barton, which is located near West Bend, and hold an inspection there. Plans for the inspection of Waupun and Portage are also under consideration by the association, although no definite date for these inspections has been set.



## STATES OF THE NORTHWEST

### MINNESOTA EXPERIENCE GOOD

#### Commissioner Wells Predicts Reduction in Insurance Rates in View of Decreasing Loss Ratio

MINNEAPOLIS, Sept. 14.—A reduction in fire insurance rates in the state was forecast by Commissioner Wells in completing a report which showed that premiums paid for fire insurance from 1925 to 1926 almost doubled the amount paid out for losses by the insurance companies. The summary showed that property owners paid \$12,438,269 for insurance during the year and that the companies paid out \$6,549,679 for losses. The report showed that in the previous year losses were \$7,932,403 and premiums received by the companies totalled \$12,369,879. In Minneapolis fire insurance companies received premiums amounting to \$3,632,025 and the losses, \$2,099,374. St. Paul's fire losses from 1925 to 1926 amounted to \$970,538 as compared with premium payments of \$1,973,771. Duluth paid \$1,017,317 in premiums and received \$376,212 in loss payments.

#### Pay for Suburban Protection

MILWAUKEE, Sept. 14.—Milwaukee will derive considerable income from insurance companies for the fire-fighting protection it is offering its suburbs, under a law of the recent legislature, according to Assemblyman T. M. Duncan, author of the bill. It provides that Milwaukee shall receive the 2 percent premium for suburb protection which insurance companies are paying the city as their contribution to the fire fighting service here. It is further provided in the new law that any suburb, city or village contracting with Milwaukee for fire protection service shall be subject to liability for property damage and per-

sonal injury resulting from such fire calls.

#### Wisconsin Insurance Day Speakers

Carl E. Hilbert president of the Hilbert & Baerwald agency of Milwaukee and general chairman for Wisconsin Insurance Day, has announced two more speakers for the program. Richard E. Vernor, manager of the fire prevention department of the Western Actuarial Bureau, Chicago, will be one of the speakers and E. J. Dunn, president of the Loyal American Life association of Chicago, will represent the fraternal insurance interests on the program.

#### Will Seek New Connection

Owing to the consolidation of the Minnesota and Iowa fields by the Atlas, it

being put in charge of State Agent W. T. Landers, who has had Iowa, Special Agent Elwood G. Harper, who has had Minnesota, will retire from the company's service. Mr. Harper has had 15 years' experience in the insurance business and for the last five years he has been special agent of the Atlas in Minnesota and South Dakota. He had some six years' local agency experience and prior to that was inspector of mills and elevators for the mill mutuals.

#### Disapproves Additional Firemen

MINNEAPOLIS, Sept. 14.—A. C. Godward, consulting engineer for the board of estimate and taxation, reported adversely upon Chief C. W. Ringer's request for additional firemen when he appeared before the council committee on finance last week. Placing the efficiency of the water department on a par with the fire underwriters' rating for men and organizing a fire prevention bureau within the fire department will permit of reducing the request of the fire chief for additional men, he said. Mr. Godward's survey, which was begun several months ago, is not yet complete.

## IN THE MISSOURI VALLEY

### WALLS WERE ORDERED RAZED

#### Demolition of Building by Order of City Authorities Following Fire Considered Under "Total Loss"

In *Lux vs. Milwaukee Mechanics*, Kansas City court of appeals (Mo.), 295 S. W. 847, the plaintiff brought an action to recover for the total destruction of a building. The building was gutted by fire, and subsequently the municipal authorities ordered the plaintiff to tear down the walls of the building that remained standing, on the ground that the property was a public danger.

The plaintiff gave notice of this order to the defendant upon its receipt, and

proceeded to demolish the building in accordance with the order. Following this the defendant denied that there had been a total loss under the policy because certain portions of the building remained standing after the fire, and that the act of the plaintiff in razing the building in accordance with orders from the municipal authorities would not support a judgment on the policy for a total loss. The trial court gave the jury an instruction which withdrew from consideration the order of the building authorities to raze the building. The trial resulted in a judgment in favor of the plaintiff for a less amount than was sued for and plaintiff appealed. In reviewing the record the higher court said:

"The testimony shows the building

was condemned by the superintendent of buildings, and thereby inferentially, at least, there was a refusal on the part of the city authorities to permit repairs. Their opinion, doubtless, was that public safety required the tearing down of the building. Defendant urges the building could have been repaired so as to make it as good as before the fire, and that the cost of the repairs should be the measure of defendant's liability.

"The police power of a municipal corporation to guard against unsafe buildings by ordering their demolition may not be questioned. The exercise of such power in a particular case may be erroneous and the power possibly may be abused, but it exists, subject to judicial control. However, the courts will not interfere except upon very clear grounds.

"The evidence in plaintiff's behalf fully upholds the conclusion of the inspector of buildings that the remains of the building, if left standing, would endanger the public safety."

The court reversed the judgment, and remanded the cause for a new trial, holding that the trial court erred in not permitting the jury to consider the order of the municipal authorities for the razing of the building in determining the question of whether or not there had been a total loss by fire.

#### Kansas Code Is Printed

Commissioner William R. Baker won his fight with the Kansas printing commission and the new insurance code has been printed. In addition to the code itself the new pamphlet contains all of the annotations of court decisions relative to every section of the code which was not changed by the legislature. This is a very valuable feature particularly for insurance officials who are not lawyers but who want to know what the law may be and also what the courts have said about any particular part of the code. The copies of the code are being forwarded free to all insurance

# INSURANCE STOCKS AS INVESTMENTS

**F**OR many years we have been advocating that Insurance Stocks be purchased for investment by local agents and company officials. Sometimes it has been difficult to convince those close to the business that these stocks had wonderful value for the long pull increase in market so that outsiders have profited more than insurance men.

We believe there are still good opportunities for long pull investments.

Market increases this year have been remarkable. There probably will be more consolidations of fire and casualty companies which still should afford good profits.

There is little doubt that agreements between fire and casualty companies serve to strengthen both groups. That purchasers of stocks recognize this fact is seen by

the rise in value of Fidelity-Phenix and Continental and Fidelity & Casualty; also with the Home and Maryland Casualty.

The growing tendency to operate in fleets has shown remarkable results in the Home Group. The New Brunswick Fire, which only a few months ago, was acquired by interests associated with the Home, has risen from 25 to 100.

The recent announcement that the Crum & Forster interests had acquired an interest in the Westchester has created a great demand for the latter stock.

It would seem that the investor should find many desirable purchases from the list of good fire and casualty stocks.

*We invite your inquiries*

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companies and also to all insurance lawyers on the department mailing list.

## Teach Importance of Insurance

LINCOLN, NEB., Sept. 14—Maurice A. Hyde, chairman of the insurance subdivision of the Lincoln Chamber of Commerce, is arranging for a second goodwill tour of nearby portions of the state. Last year a large group of men representing the insurance interests of Lincoln journeyed for a week in a bus calling at numerous towns in southern Nebraska. This year the tour will extend along the Platte valley, going as far west as the city of North Platte. The tour is intended to impress on business men and others the importance of insurance and the value of cooperative effort.

## Plan Fire Prevention Programs

DES MOINES, Sept. 14—With a view of expanding the inspection service the Iowa State Fire Prevention Association is outlining a vigorous campaign for the coming season. The executive committee contemplates the formation of an elaborate program for fire prevention week and President George A. Holbrook and Secretary J. H. Bunten are mapping out the cities and towns that are to be inspected this fall and winter. Dubuque will be the first city to be inspected and the Commercial Club of that place will enter heartily into the event. The date has not yet been fixed.

Secretary J. H. Bunten announces that C. W. Borrett will represent the organization on the program of the annual meeting of the State Firemen's Association at Emmetsburg the week of Sept. 19. At the annual meeting of the Iowa Insurance Agents' Association at Waterloo, the Iowa State Fire Prevention Association will be represented on the program by Frank Rodgers of Ames. A farm committee composed of A. F. Rathbun, Fred Brake and L. A. White, has been named to plan a definite program.

## Fire Chiefs Elect

T. E. Fowler of Joplin, Mo., was elected president of the Missouri State Fire Chiefs Association, and James T. McDonnell of Kansas City, Mo., president of the State Firemen's Association at the close of the joint convention held in Kirksville, Mo., last week. Joplin was chosen as the 1928 meeting place. Other officers of the chiefs' association are: Vice-president, W. R. Price, Springfield, and secretary-treasurer, John T. Lynch, Kansas City.

Other officers of the firemen's association are: Vice-president, Gerald Stults, Joplin, and secretary-treasurer, M. J. Mulvey, St. Louis.

## Kansas City Losses Lower

KANSAS CITY, MO., Sept. 14—The fire loss record in Kansas City in August shows a great improvement over August, 1926, with 163 fires in August this year, as opposed to 261 in the same month of last year. Even more encouraging is the record for the first eight months of this year, which shows that the total number of fires in that period was 1,984, while there were 2,788 fires in the similar period last year. The estimated losses for August, 1927, were \$56,934, while for August, 1926, the losses amounted to \$90,426. For the first eight months of the year the figure was reduced from \$1,308,823 to \$1,022,541.

## Will Hold Annual Meeting

KANSAS CITY, MO., Sept. 14—The Missouri State Fire Prevention Association, in conjunction with the two field clubs, will hold the annual meeting at the Hotel Roubidoux in St. Joseph, Sept. 28-29. According to J. Burr Taylor, secretary of the Missouri State Fire Prevention Association, an elaborate and extensive program is planned for the meeting this year.

## Start Fall Season

KANSAS CITY, MO., Sept. 14—The Heart of America Blue Goose will hold a business meeting the evening of Sept. 26 in the Hotel President. Initiation will be held following the business meeting and buffet supper. The pond will resume its weekly luncheons Sept. 19.

## Nebraska Notes

Fifty thousand dollars damage was sustained by the owners and lessees of the Sun theatre at York, Neb., when it was completely gutted by fire last week. Insurance is estimated at \$30,000.

The plant of the Barnhart Printing Company at Omaha was damaged to the extent of \$40,000 by fire last week. A representative of the state fire marshal's office is investigating the matter.

Van Wert, O., is shortly to begin the making of extensive changes in connection with the waterworks pumping facilities, which will include the abandoning of the present steam equipment and the installation of electrically operated pumps.

## STATES OF THE SOUTHWEST

### TO HOLD REGIONAL MEETING

Delegates from 31 Counties of Texas  
Will Attend Sectional Gathering  
Held by Agents' Association

HOUSTON, TEX., Sept. 14.—Delegates from 31 counties will attend the district meeting of the Texas Association of Insurance Agents here Friday. The meeting was called by George A. Adams of Bryan, regional chairman, for the purpose of discussing questions of importance to insurance people. T. M. Campbell of Austin, state fire insurance commissioner, will be in charge of the program. The Houston meeting is one of a series of district meetings which will be held by the state association during the next few months at which questions which can not be held over until the annual meeting will be threshed out. It is understood the "part time" agent and an amended agents qualification will be discussed.

### Texas Cotton Prospects Good

Texas faces the prospect of having a nearly normal cotton crop while the crop will be short in other sections. Thus the price of the staple will run high and Texas will profit. Cotton at the present price will throw enough money into the growing sections to give people the buying power they have not had for three years, especially in the corn and cotton regions where the farmers owe interest, taxes and borrowed money of every description. It will

give them an opportunity not only to pay up these debts but a buying power of such a volume that the industrial districts will enjoy an increased demand for their products and enable them to run full time whereas they have been operating at only 60 percent of capacity.

### Dallas Suburb Damaged

DALLAS, Sept. 14.—Freakish wind, blowing with tornado strength for a few minutes last week, while the rain fell in a near-flood, wrecked a residence, an ice house, a brick building under construction, buried a motor car with debris and caused a total damage of \$50,000 or more in University Park Addition to Dallas. The two-story Lobello building under course of construction was demolished and the entire roof hurled into the residence of Professor Reinsch of Southern Methodist University. As the heavy roof passed over the American Ice Company's Plant, the twister struck the ice house, wrecking the building.

### Conduct Educational Campaign

Dallas, Fort Worth and Bryan, Tex., are waging vigorous campaigns with radio addresses, newspaper articles, work by civic clubs and Boy Scouts, window demonstrations and other means to urge local citizens to precautionary measures, in an effort to have removed the fire-record penalties attaching now. The authorities are going farther than usual in this year's work in that they are charging consistent violators in court with maintaining fire hazards.

### Would Increase Water Supply

OKLAHOMA CITY, Sept. 14.—Upon recommendation of C. R. Ingalls, manager of the Oklahoma Inspection Bureau, city officials have instituted a movement to





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VOLUME VI

LE ROY, OHIO

No. 2

## Editorial

THE automobile manufacturers are bringing out new models. Some of them have reduced prices. Bodies are lacquered in bright, cheerful colors. Motors are smoother. Brakes are surer. Vision is clearer.

Ohio Farmers automobile insurance policies are the same as they have been. The old models still satisfy. There's no price cutting. There are no fancy colors.

Ohio Farmers vision has always been clear. Ohio Farmers policies have always been safe and sure. For eighty years smoothness has characterized the relations between Company and agent.

If you write automobile insurance in the Ohio Farmers Insurance Company you need not worry about upkeep or trade-in value. The first cost is the last cost and the bearings will last forever.

NAMES don't mean so very much nowadays.

Take this Company, for example. Ohio Farmers! Eighty years ago, the name

suit perfectly because we wrote only farm insurance in the home state. Now, however, farm insurance is of relatively little importance, and in addition to Ohio, we write in about two dozen states of the Union. But the name is honored and respected everywhere not only for its literal meaning but for its acquired significance.

And then there's Tourist Baggage insurance! It is indeed prescribed for tourists, such as summer vacationists, and those who migrate to Florida and Southern California for the winter. It is sold also to many who are not tourists, such as college students, salesmen, and weekend golfers.

It is these that make up a worth-while year-round market for Ohio Farmers tourists baggage insurance policies.

If you represent this Company but do not have tourist baggage insurance supplies, just drop a line to the home office at Le Roy. You will receive a prompt reply with full particulars about this coverage which may mean much to you in acquiring the good will of your patrons.

## The Rough Notes Co. OFFICE SYSTEM INSURANCE SUPPLIES

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Occupation of Owner _____		Type of Risk _____	
Amount of Coverage _____		Rate _____	
Description of Property _____		Total Premium _____	
Signature of Agent _____		Date _____	

Form 511, Automobile Memo of Risk

## Solicitor's Memorandum of Risk

Complete information about the risk, secured when order for policies are placed, saves time and prevents guesswork and errors. Form 511, for Automobile business, covers all the facts needed for writing the policy. The information can be quickly filled in, and the sheet gives the policy writer all the necessary information. Nothing is more convenient for handling business coming in over the phone.

The sheets are of convenient pocket size and are put up in pads, 50 sheets to a pad. If desired, the RNU Binder, made of high-grade flexible imitation cowhide leather, may be used as a cover when pads are carried in the pocket.

### Prices

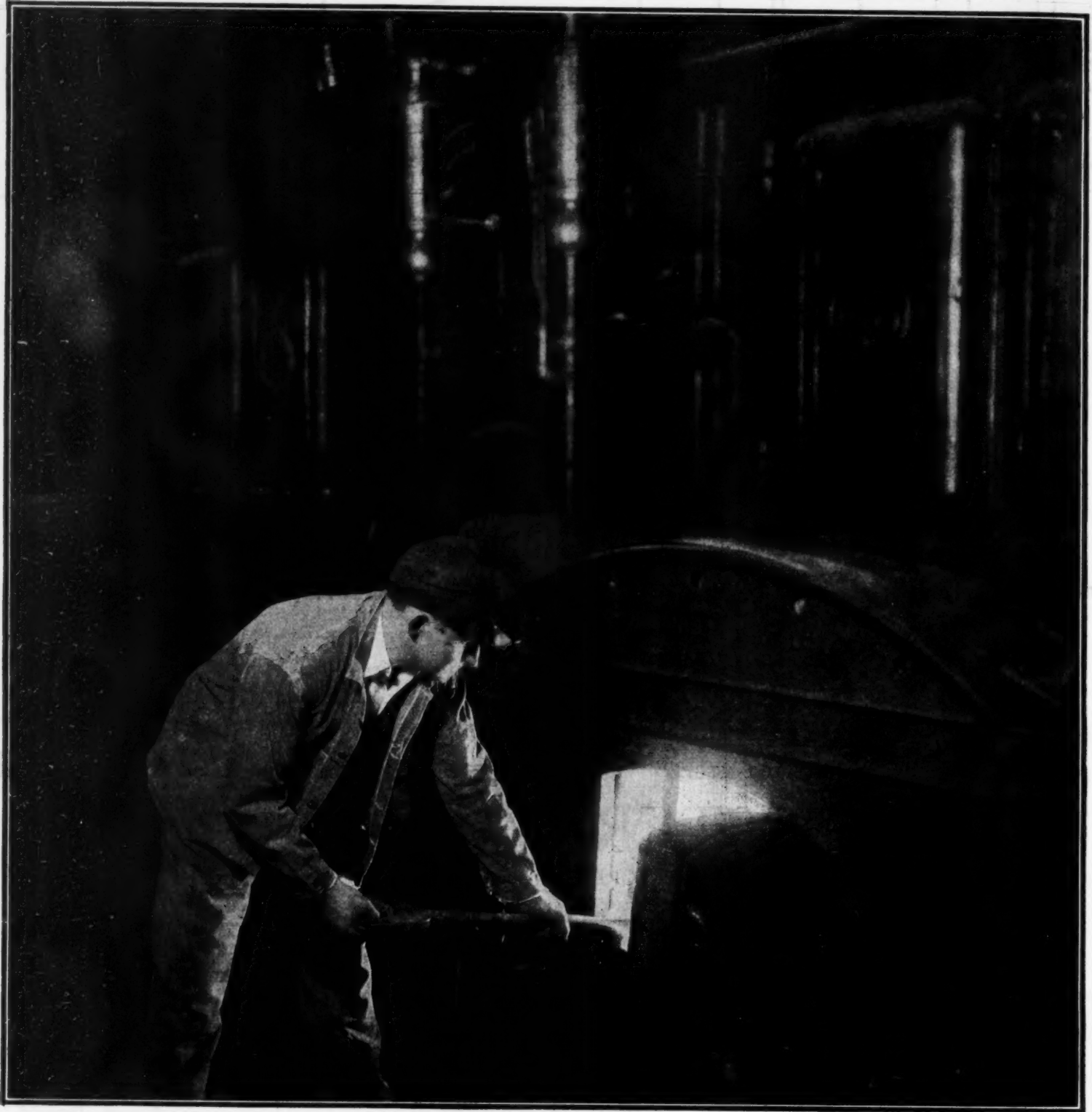
50 Sheets to Pad  
100 pads, \$12.00; 25 pads, \$3.00; 12 pads, \$1.50; 1 pad, 15c  
RNU Binder, 75c each

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# Who Will Be Financially Responsible?

EVERY manufacturer thinks he has an efficient man running his power or heating plant and, in most cases, no doubt his engineer really is skillful and conscientiously performs his duties to the best of his ability. However, when something happens—when a boiler explodes and heavy damages ensue, the manufacturer cannot hold his engineer financially responsible. Then, too, one can be too close to a thing to see it clearly. Every power or heating plant needs periodic inspection at the hands of a skilled and experienced inspector, whose duty it is to prevent accidents from happening.

The London Guarantee Inspection Department has long been known for its unusual efficiency. Many manufacturers who have experienced this service will have no other. This department of the Company has done much to earn for the London Guarantee the name of "The Super Service Company."

Many manufacturers and many insurance agents do not understand Boiler Insurance. If you wish to know about London Guarantee Boiler Insurance and the service that goes with it write to the Agency Department.

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## I.N.SURE'S OBSERVATIONS

### *Do You Really Believe In Insurance?*

Recently we heard a well told story, having as its moral a most apt thought. It had to do with an insurance agent who seemed to be everything that an insurance agent should be; he was "plus" in every accomplishment and was eminently successful. However, he made one mistake that you would hardly have expected from a man of his intelligence and foresight. One day misfortune fell upon him personally and found him unprepared with insurance.

You have heard of the shoemaker's children who were always without shoes. Any insurance agent who really believes in what he is selling will apply the same insurance program to himself that he recommends to others. He, himself, is his closest prospect.

### *Cut-Rates a Hydra*

From Greek mythology this story comes: There was a great monster in the lake of Lerna that had nine heads, any of which when cut off was immediately succeeded by two others, unless the cut was cauterized. The monster was finally slain by Hercules.

Like unto the Hydra is the cut-rate practice in the insurance business. One cut-rate begets two, and the insurance man who foolishly pursues this policy simply adds more heads and fiery mouths to the monster, who will, eventually, devour him.

It is an economic law that there must be profit in a business if it is to survive. Capital must be paid and the laborer is worthy of his hire, and there must be profit for replacement and advancement in business. The profit axiom applies as well to an individual agent as to the United States Steel Corporation. With the sword of cut-rates an agent may quickly and surely seal his doom. The profitable and permanent business is built through giving a full measure of good value at a profit.



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float a bond issue to increase the city water supply. A new water main to cost \$750,000 was recommended to keep pace with the growth of the city. The city has outgrown the water supply and consumption at its peak, might prove inadequate, he said. Normally, the supply is sufficient, but a heavy drain would make it not enough for protection.

### Plan Year's Program

Ganders of the Texas Blue Goose held their first luncheon meeting Monday. The ganders discussed the program for the coming year and Most Loyal Gander Stebbins announced the various committees.

### Distribute Large School Line

OKLAHOMA CITY, Sept. 14.—Fire and tornado insurance to the amount of \$1,305,902 on school buildings was awarded to Oklahoma City agents last week by the board of education. Local agents writing the insurance included leading firms of the city. Among them were T. E. Braniff, \$72,000; Aubrey & Shidler, \$39,000; Daniel Agency, \$50,000; G. A. Nichols, \$30,000; R. M. Eacock & Co., \$57,000; E. R. Ledbetter, \$80,000; Howard Graves, \$34,000; Gardner, Clarke & Sullivan, \$72,000; J. F. McCullough, \$38,000; Neff-Head Company, \$59,000; C. E. Stickley, \$67,000; Overholser & Avey, \$53,000; W. S. Spencer, \$44,000; Ed. M. Semans, \$85,000; Eugene Whittington, \$43,000; Workman & Co., \$40,000; Gum Brothers, \$70,000; Upsher & Upsher, \$30,000; Whittle Agency, \$20,000; Ed Delaney, \$30,000, and Beadles & Wike, \$36,000.

### Losses in the Southwest

The Cresent Adjustment & Inspection Company of New Orleans states that the loss on the Choctaw Lumber Company at Wright City, Okla., on Aug. 25, will be about \$400,000. The loss is total on al-

most all items. The loss on Weaver Brothers & Thompson at Neches, Tex., Oct. 27, is total on all items. This concern had a saw mill, dry kiln, cooling shed and had considerable lumber on hand. The fire started in the boiler house. The loss on the Ogemaw Lumber Company at Ogemaw, Ark., Aug. 14, amounted to \$25,000. The only item of the plant which was affected was the planning mill unit, which consisted of buildings, machinery, equipment and lumber.

### New Club Meets

GALVESTON, TEX., Sept. 13.—The second meeting of the Galveston Insurance Women's Club was held here last Friday, with 24 girls in attendance. The organization, similar to one recently organized in Dallas, is growing in interest, its membership increasing rapidly. The club is composed of the women employees of the various fire and casualty insurance agencies in Galveston. The governing committee of the club is composed of Mrs. William Eggert, chairman; Miss Grace Amundsen, Mrs. Felix Meyer and Miss Gladys Hart.

### Texas Notes

The cooperative gin at Avalon, Tex., was destroyed by fire last week, with loss of \$20,000.

Alamo Heights, Tex., has bought the waterworks that supply the town, the required \$350,000 being the amount of a bond issue recently voted.

The newly incorporated town of Odessa, Tex., in the heart of the oil country, has bought another fire truck of 500-gallon capacity, with three ladders and powerful searchlights.

Hall & Hare, agents at Sleiman, Tex., have purchased the general agency which has been conducted for some time by C. M. Williford and Fred Cunningham under the firm name of Williford Brothers. The business will be merged with the lines handled by Hall & Hare.

## IN THE SOUTHERN STATES

### OUTSIDE COMPANIES ARE HIT

Florida Commissioner Rules Reinsurance May Be Carried Only with Admitted Organizations

Commissioner J. C. Luning of Florida has issued an order in which he forbids fire companies admitted to Florida to reinsure business in non-admitted companies. The order is in part as follows:

"Please take notice that from Oct. 1, 1927, no fire insurance company or association or reciprocal exchange writing fire insurance authorized to do business in this state shall reinsure, either directly or indirectly, any risk or part thereof taken by it on any property located in this state with any company or reciprocal exchange not authorized to transact the business of fire insurance in the state of Florida.

"This ruling is not intended to impair the obligations of any valid reinsurance contract entered into and in force at the time such ruling is received."

Although some of the companies have referred the order to the National Board, the board has referred it to counsel. Most companies are carrying all the windstorm business they have wanted since the Miami hurricane, and since reinsurance facilities for this business in Florida are very limited excepting in companies not admitted to the state, it is likely the admitted companies will at expiration reduce their writings on this line to about the net amount they carry.

### J. W. Lewis Dead

NASHVILLE, TENN., Sept. 14.—Jacob W. Lewis, 42, well known insurance man of this city, died at his home here Sunday after an illness of seven months. Mr. Lewis was manager of the Southern Adjustment Bureau, taking this position when he came to Nashville about two years ago. He formerly lived at Greensboro, Ga. Mr. Lewis was a graduate of the University of Georgia. He is survived by his mother and by a brother, E. L. Lewis of Greensboro.

### CANCELLATIONS CONDEMNED

Miami, Fla., City Commission Protests Terminating Windstorm Coverage When It Is Most Needed

The secretary of state of Florida has received from the city commission of Miami, Fla., a resolution the commission recently adopted condemning the action of certain fire companies in cancelling windstorm policies at a time of year when windstorm protection is most needed. The preamble of the resolution is as follows:

"It has been called to the attention of the city commission that certain insurance companies doing business in Miami are indulging in the unfair practice of issuing tornado and hurricane insurance and collecting for the same during the time of the year when no hurricane has ever been known to occur, and cancelling said policies during the season when hurricanes are most likely to occur.

"This unfair and illegal practice on the part of said insurance companies leaves the citizens of Miami without insurance protection at a time when it is most needed, and results in inconvenience and financial loss and generally unsettled business conditions."

### INFORMATION IS REQUESTED

Commissioner Saufley of Kentucky Asks Data on Premiums from Business in Three Counties

Commissioner S. M. Saufley of Kentucky has requested all companies operating in the state to furnish him at their earliest convenience "a statement, by classes of the premiums written during the years 1921 to 1925 inclusive on property in Jefferson, Campbell and Kenton counties." In his request the commissioner says:

"I realize that this will necessitate extra work on your part and regret



having to ask you to do it, but the information requested is necessary to carry out an investigation which we are now conducting."

Many company executives believe the commissioner refers to an investigation preparatory to the case of the state of Kentucky against the companies in an effort to obtain dissolution of the Federal injunction restraining Kentucky from interfering with the recent advance of 12½ percent which the companies made effective some months ago. In the recent rate case the state in taking depositions of a number of company accountants asked for the information which Commissioner Saufley is now seeking. It is highly questionable whether many companies have their records in such shape that they can obtain without great expenditure of time and money the information the commissioner has requested.

#### Proclaim Tennessee "Insurance Day"

Governor Peay of Tennessee has officially proclaimed Sunday, Oct. 2, as "insurance day" to be celebrated throughout the state. His proclamation states in part: "Insurance of all kinds has an indispensable purpose and value. Our people should recognize its importance and protect their lives and property. This practice has not originated for any selfish end. Society is vitally interested in its problem of human dependency. It is morally wrong to leave widows and children to public care. Those charged with the support of dependents are guilty of such wrong, when they leave them to the pitiless ravages of want and destitution."

#### Kentucky Association Met

The Kentucky Fire Underwriters Association met in Louisville last week for its first fall meeting, there having been no meetings since the mid-summer outing at Crab Orchard Springs in June. The annual meeting will be held in November.

#### Form Fire Prevention Organization

NASHVILLE, Sept. 14.—Steps for a state-wide fire prevention organization were taken last Tuesday at a conference in the office of Ed M. Gillenwaters, state fire marshal, attended by his deputies and by Capt. E. T. Holman and W. W. Hayes of the Tennessee Inspection Bureau. E. L. Mitchell, L. D. Maiden and George S. Barger were recently appointed special investigators for the three grand divisions of the state. Other inspectors who attended the conference, and who will have a leading part in the new organization, are: B. H. Stroud, Chattanooga; E. L. Lemond, Alama; E. J. Hickman, Johnson City; J. L. Boyd, Cleveland; C. S. Key, Carthage, and C. N. Gracey, Cookeville. The special investigators will be assigned certain counties in which to work, but this assignment

has not yet been worked out, according to Mr. Gillenwaters.

#### Plan Georgia Blue Goose Meeting

The Georgia Blue Goose will hold its first fall splash at White Sulphur Springs, Ga., the latter part of September. The date will soon be announced. From the interest of the ganders which is already evident, a very fine meeting is anticipated.

#### Improving Conditions in Jackson

Jackson, Ky., which has been a poor town from the insurance standpoint, a number of companies refusing to write business there, due to poor physical conditions, has awakened and is getting on a good fire protection basis. It is reported that over \$100,000 is being spent on a water works, of which \$62,000 has been spent, and \$40,000 is now being raised for completion of the work. The loss record in the past at Jackson has been so unsatisfactory that a good many companies pulled out.

#### Plan Extensive Campaign

LOUISVILLE, KY., Sept. 13.—At a meeting of members of the executive and publicity committees of the Kentucky Fire Prevention Association at Louisville on Saturday, plans were discussed and tentative arrangements made for a year's inspection work in the state. George L. Frank, president of the organization, stated that plans called for inspections at Greenville and Central City in October; Georgetown in November, and among other towns that have been lined up for inspection and meetings are Ashland, Frankfort, Somerset, Irvine, Ravenna, Richmond, Franklin, Glasgow and Corbin. At Ashland, Ky., the Chamber of Commerce is planning cooperation in an extensive fire prevention meeting, and the association will arrange for four speakers to talk in schools, before civic clubs, etc.

#### Kentucky Notes

The Curry Insurance Agency, at Harrodsburg, Ky., recently incorporated with capital of \$12,000, by Bush W. Allin, Oran L. Stagg and J. E. Brown, purchased and took over the local agency for some years operated by Frank L. Curry.

T. B. Cravens of Tompkinsville, Ky., has purchased the interest of Carrie Lee Boles, in the Wright & Boles agency at Hodgenville, Ky., and will have Robert L. Wright as his partner. The agency will become Wright & Cravens. At Tompkinsville, Ky., he has sold his old agency to McCreary Brothers & Reecer.

At Paris, Ky., L. D. Harris has recently sold his agency to the McClure Insurance Agency.

William Raymond Hildebrand, who has been in the auto tire business at Owensboro, Ky., and Gracean M. Pedley, a real estate man, have bought an interest in the A. G. Griffin & Co., insurance agency, which will be continued under the old agency name.

The Augusta Clay Products Company, tile manufacturers near Augusta, Ga., recently suffered fire damage at the plant. The loss was total on the main building and contents, involving \$32,800 insurance.

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## ON THE PACIFIC COAST

### REPORT ON SEATTLE LOSSES

#### Fire Record Given by City Fire Marshal for First Six Months

SEATTLE, WASH., Sept. 13.—Every angle is covered in the fire loss situation here in the semi-annual report of Robert L. Laing, city fire marshal, covering the experience during the first six months of 1927. The total fire loss on buildings and contents was \$251,726 during this period, of which amount \$249,238 was on buildings in which fires originated and their contents. The balance of \$2,488 was on adjoining property, showing the efficiency with which the Seattle fire department answers alarms and holds fires to the point of inception.

Insurance involved in fires in Seattle during the six months totaled \$16,315,316, of which \$7,476,821 was carried on buildings and \$8,838,495 on contents.

The value of the buildings involved was \$12,835,421, while the contents were valued at \$11,160,008. Total number of alarms answered by the Seattle fire department during the six months were 1300, of which three were automatic sprinkler alarms. A feature of the work of the Seattle department has been the inspection work of the firemen, the object being to prevent as well as to extinguish fires.

#### Resignation Rumor Denied

Officials of the New York Underwriters have denied the rumor that F. M. Branch is to retire as Pacific coast manager of the company and that that department of the company is to be placed under the same management as the Hartford Fire. It is announced that the company has at no time considered making a change in the management of the Pacific coast department.

#### Amend Term Rules

SEATTLE, WASH., Sept. 13.—Amended deviations filed with the Washington In-

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insurance department on behalf of the standard companies by Attorney Fred G. Clark and to be effective Sept. 16, extend the privilege of term insurance on machinery, equipment and furniture and fixtures in certain classes of risks, providing the building is eligible. The concession applies to B and C class buildings occupied for the following purposes: Carpet cleaning works, cleaning and dyeing establishments and woodworkers employing not more than five hands. Also the D class buildings occupied by bakeries, biscuit and cracker factories, book binders, bottling works, carpet cleaning works, cleaning and dyeing establishments, creameries and dairies wood workers employing not more than five hands.

**Secure 25 Convictions**

SALEM, ORE., Sept. 13.—Thirty-five cases of violations of the fire laws in areas under the jurisdiction of the state forester's office were brought into the courts of Oregon during the summer fire season. Twenty-five convictions were obtained, resulting in fines and court costs totaling \$7,900. State and federal forest officials have been after the violators harder than ever this year in an effort to impress on careless ones and intentional violators the fact that the laws are being enforced.

**Rate Reductions Granted**

Miles City, Mont., which has reduced its per capita fire loss from 450 to 156 in the last five years, has been granted a reduction in rates of 10 percent on masonry, 7½ on contents, and 5 on dwellings by the Pacific Board. An intensive fire prevention campaign has recently been waged in this city, and important additions and improvements made in water system and fire department.

**General Enters British Columbia**

SEATTLE, WASH., Sept. 13.—With the appointment of Collin A. Manlove of Vancouver as manager for the province, the General of Seattle, has entered British Columbia, where it is licensed to write fire and allied lines. Later on it is the intention to also enter the General Casualty, running mate of the General, in British Columbia.

**Explains Insurance Activities**

SAN FRANCISCO, Sept. 13.—The service rendered insurance and the insuring public by the Underwriters Salvage Company of New York was the subject of a special feature story in the San Francisco "Chronicle" last week. The article went on to explain the functions of the organization, which maintains branch offices in San Francisco and Los Angeles under the direction of Manager George G. Searlett. The article is one of a series explaining the many ramifications of fire insurance and its various organizations.

**Entering Coast Territory**

The Virginia Fire & Marine will shortly enter all Pacific Coast states and be managed by Harry L. Simpson of San Francisco. Mr. Simpson is coast manager of the Connecticut Fire and Westchester.

**Meeting Is Postponed**

SAN FRANCISCO, Sept. 14.—Owing to the absence of a number of company managers the meeting of the Pacific Board to be called to consider the recommendations of the joint agents and company farm committee, probably will not be held until the end of this month. In the meantime members of the committee are sanguine over the situation. Letters have been sent to leading agents in California to the effect that an amicable settlement will be made.

**Negligence Point Raised**

In an action for damages for the destruction of plaintiff's property by fire alleged to have been caused by the negligence of defendant's employees in failing to extinguish, within the time prescribed by a city ordinance, a fire started by them for the purpose of burning rubbish, held that it was the duty of defendant to regulate the magnitude of the fire so as to control and extinguish it within the time limit prescribed by the ordinance, and having failed to do so, it was negligence which not only contributed to the burning of plaintiff's property, but the failure to comply with the mandates of the law was the primary, if not the sole, reason for the destruction



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thereof. Aleckoff v. Los Angeles. Dist. Ct. App. Cal., 2nd Dist., Div. 2.

#### Lumber Business Quiet

SPOKANE, WASH., Sept. 13.—Local agents of Spokane and other eastern Washington and northern Idaho points who specialize on woodworking and allied lines are complaining because of the inactivity of the lumber business, which has been unusually quiet this summer. Stocks are low with no prospect seen for a pick-up in the immediate future. Farmers in this district, however, are enjoying a better year than for several seasons. Crops are going beyond the estimates in many places and prices are good. The insurance business has already felt the reaction and banks are reporting an optimistic outlook in the agricultural districts.

#### Consolidated Purchases Building

DENVER, COLO., Sept. 14.—The Associated Industries building at East Colfax avenue and York street, this city, in the heart of the new Capitol hill business district, has passed from that company into the hands of the Consolidated Insurance Corporation. The purchase price is said to have approximated \$200,000. The Consolidated, a Colorado corporation now

doing business exclusively in this state, will move into its new quarters Oct. 1, Pres. Wilson said, and plans to expand its business into Wyoming, Nebraska, Kansas, Missouri and Texas by the first of next year. The Consolidated, a fire and marine company, was organized by Mr. Wilson in 1925, and a year later took over the Federal Fire & Marine.

#### Fire Prevention Week Scheduled

Oct. 9-15 has been scheduled as Fire Prevention Week this year. Supplies of the poster and the pamphlets distributed with the August news letter of the National Association have been in heavy demand, and pre-campaign correspondence indicates widespread interest in this year's campaign.

Fire prevention films are not available in sufficient numbers to supply all the demand for showing during Fire Prevention Week, but an effort will be made to make the most efficient use of those available. Members wishing to make arrangements for showing fire prevention films should write Richard E. Vernor, chairman, N. F. P. A. committee on visual education, 222 West Adams street, Chicago.

## NEWS FROM EASTERN FIELD

### MOST FIRES ILLEGITIMATE

Chief Hedden of Buffalo Declares City May Have Conflagration Because of Wooden Construction

BUFFALO, N. Y., Sept. 14.—Following protests of prominent real estate men and building contractors against the proposed legislation which would put the ban on use of wooden shingles in building houses in Buffalo, Fire Chief George W. Hedden of Buffalo declared that fully 80 percent of the fires in Buffalo last year were of illegitimate origin. Although arson could not be proven in the majority of these cases, he said he is convinced that the great majority of this city's fires were started for the express purpose of collecting large insurance claims. The fire chief declared that frame houses in Buffalo should be abandoned and said that if non-combustible materials are not used in home construction, the city is facing a conflagration that will destroy blocks in one sweep.

Builders and dealers in building materials filed their protests at a meeting including Mayor F. X. Schwab and the fire chief, real estate men and contractors. The meeting was called at the suggestion of the New York State building commission, whose members have tentatively included in the proposed housing laws a clause providing that wooden shingles be banned in cities of the first class and that present buildings on which shingles are used will have to be re-roofed with a fireproof material within the next ten years.

#### Recommendations to Reduce Hazards

BALTIMORE, Sept. 14.—Pointing to municipal fire prevention methods and calling automobile parking in the downtown section conflagration hazards, the grand jury in its report recommended changes in the city laws to reduce fire hazards. The grand jury proposed that both inspection and enforcement of fire prevention regulations be placed in the hands of the fire department, which, it was said, could handle the work without additional employes or expense. Fire hazards in Baltimore have increased by divided authority between the fire department and the building inspector the grand jury said, and recommends the fire department be given complete charge to inspect and issue orders and prosecute.

Automobile parking was said to constitute a fire menace and cause traffic congestion, preventing swift and unimpeded movement of fire engines. The report recommended some restrictions upon downtown parking.

John C. Duerr, for many years associated with Tiernan & Co. of Buffalo, general insurance, died at his home there Saturday, at age 80.

### VERMONT ASSOCIATION MEETS

Annual Convention of Local Agents Will Be Held at Bellows Falls This Friday

BOSTON, Sept. 14.—The annual meeting of the Vermont Association of Insurance Agents will be held at the Bellows Falls Country Club at Bellows Falls, Vt., the afternoon of Sept. 16. The golf course at the club is to be open to members and guests during the morning and to the ladies in the afternoon. There will be a mid-day lunch from 12 to 2 at a nominal charge at the clubhouse.

The business session will open at 2:30 with an address of welcome by W. B. Glynn, president of the Bellows Falls Chamber of Commerce. The response will be by George M. Clay of Brattleboro, vice-president of the Vermont association. The regional vice-president of the National association, Thomas D. Faulkner of Hartford, will be the afternoon speaker after which there will be a general discussion and election of officers.

A banquet will be served at 6:30 at which the Rev. Lester C. Lewis of Bellows Falls will speak and an address will be given by James L. Case of Norwich, Conn., former president of the National association.

#### New England Exchange Meets

BOSTON, Sept. 14.—The first fall meeting of the New England Insurance Exchange was held last Saturday. J. W. Morrison, special agent of the Homestead Fire of Connecticut, with headquarters at Hartford, was elected to active membership, and William H. Hilling, resigned, was elected to honorary membership. Announcement was made of the promulgation of a new card tariff under the Dean analytical schedule for Danbury, Conn.

#### R. H. Stebbins Change

Raymond H. Stebbins has retired from the firm of Cobb, Miller & Stebbins of Denver, where he has been manager of the special risk department. Mr. Stebbins is now resident manager of the Mid-West Agency Company in the Exchange building in Denver. It is operating in Colorado, New Mexico, Oklahoma and Texas and writes general insurance lines. It is general agent for the Continental Life of St. Louis. Thomas Downen is president and James L. Launce is general manager, both of whom are residents of Pueblo. The Midwest Agency Company represents the Commonwealth Underwriters as local agents, Cobb, Miller & Stebbins being general agents.

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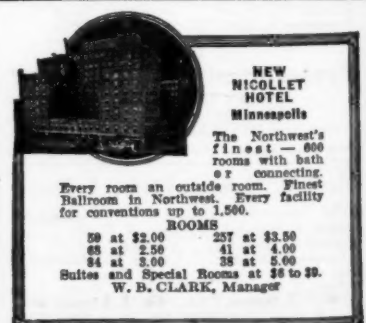
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63 at 2.50	41 at 4.00
84 at 3.00	38 at 5.00

Suites and Special Rooms at \$8 to \$9.  
W. B. CLARK, Manager



## IN THE CANADIAN FIELD

### CANADIAN CONFERENCE MET

Provincial Superintendents Held Annual Meeting at Quebec—Officers Elected

At the conference of the Association of Superintendents of Insurance of Canada, held last week, O. E. Sharpe, superintendent for Quebec, was elected president, and Arthur E. Fisher, superintendent for Saskatchewan, was elected vice-president. It was decided to hold the next conference at Regina.

At the conference the question of workmen's compensation was discussed on the opening day, and an address given by Clarence W. Hobbs, former commissioner of insurance for Massachusetts, explained how this was being worked out in the states. James A. Beha, superintendent of insurance for New York, described the methods in determining fire and casualty insurance rates, and divided his subject into three parts, namely acquisition cost, profit, and security. In the last few years, fairly uniform rates had been adopted which resulted in the lowering of the cost of insurance.

On the second day, H. G. Garrett of British Columbia presented a report on the application of accident and sickness legislation to casualty benefits in life contracts, and stated that an understanding had been arrived at between the life and casualty representatives. It was suggested that statutory conditions should be made to apply to special benefits in life contracts.

#### Report on Legislation

The secretary of the association reported on insurance legislation that had been enacted in the different provinces

during the past year. In fire insurance Alberta enacted legislation in regard to over-insurance of fire risks; Saskatchewan amended its resident agency law to eliminate the approval of the risk by the resident agent. Saskatchewan, Alberta, and Manitoba revised their laws with respect to clauses in policies covering partial payment of losses.

In automobile insurance, legislation was passed in various provinces prohibiting finance or acceptance corporations, automobile dealers, or insurance agents, from signing written applications for insurance on behalf of the applicant. A new section was also adopted making it unnecessary to issue a new policy every time the subject-matter of a contract is changed, as for example, when the insured buys a new car. In Alberta, licensed adjusters are required to make special reports of losses to the fire commissioner, or superintendent of insurance. In the event of a total loss where the total insurance money payable is less than the amount insured, the insurers are required to return the total amount of insurance premiums paid for excess insurance. Written applications must be made for property insured outside the limits of an incorporated town or village for a term exceeding one year. In Saskatchewan, where hail insurance rates have been reduced, the new rate shall be applicable to all contracts covering property within the township, and the insurers are required to return to each insured in the township the excess amount of premium charged on the contract. Where unfair discrimination in the matter of commissions payable on hail risks of essentially the same hazard is found to exist, every duly appointed agent of the insurer in the province is entitled during the calendar year to the same

commission or compensation for business during that year on risks of the same kind or class at the higher rate.

#### Consider Unlicensed Insurance

The secretary also directed attention to the serious inroads made in recent years by unlicensed insurance organizations operating in Canada. The loss of business to licensed offices through this source has been very heavy. Steps towards solving this problem have so far been unavailing. He emphatically pointed out that the licensed insurance companies and agents, which paid millions of dollars in taxation, should be entitled to protection. Although the deposit requirement in the Canadian insurance act may have been a contributory factor to the increased volume of unlicensed business, and this has recently been raised from \$50,000 to \$100,000, many of these foreign insurers secure a provincial license, without securing a dominion license. He believed that a revision of the terms and conditions of license accompanied by the rigid enforcement of a law prohibiting unlicensed insurance against insurers refusing to become licensed, would be the best possible method for exterminating unlicensed insurance in Canada.

The president of the association in his address pointed out a great advance that had been made in regard to uniformity of legislation in the different provinces. Statutory conditions of fire, automobile, accident and sickness, and hail insurance are now identical in every respect in all the western provinces of Canada.

#### ANNOUNCE INSTITUTE PLANS

WINNIPEG, MAN., Sept. 13.—At the first meeting of the season, the Insurance Institute of Winnipeg this week, considered the projected program for the winter season. A series of lectures has been decided as follows:

"Principles and History of Fire Insurance," by Walter J. Blackburn, secretary of the Western Canada Insurance Club.

"The Fire Insurance Contract," by Major N. J. Black, branch manager, Commercial Union Assurance.

"Building Construction," (speaker not decided).

"Fire Prevention and Fire Protection—Elementary Principles," by V. D. Hurst, Western Canada Fire Underwriters Association.

"Common Fire Hazards," by George Morley, Western Canada Fire Underwriters Association.

"Required Special Fire Hazard (The Woodworking Industries)," by H. L. Wiglesworth, Liverpool & London & Globe.

"English Elementary," (speaker not decided).

This year's course is devoted to the junior students, and examinations will be held in April. The Institute has now become affiliated with the Insurance Institute of America, and examinations will be passed by that organization, successful candidates being awarded a diploma of the Institute of America. The first lecture will take place on Oct. 2.

#### Forest Fires Diminished

The forest fires which were recently reported from the northwestern territories have been greatly diminished by heavy rains this last week, which has enabled the authorities to withdraw gangs of fire fighters. In Sault Ste. Marie area, Ontario, 10 new fires were reported this week, none of which were serious. Conditions have been very dry in the district. So far this season Manitoba has escaped any forest fires. A constant watch is being kept by armen stationed at various points and due to this and the carefulness of woodsmen and others in regard to their camp fires, helped out by heavy downpours in the early part of the season, this desired state of affairs has resulted.

#### In Golf Semi-Finals

WINNIPEG, MAN., Sept. 13.—In the "Black Trophy" golf competition, which is restricted to fire insurance entries, the semi-finals have been reached. W. H. Hurd of the General Accident and J. N.

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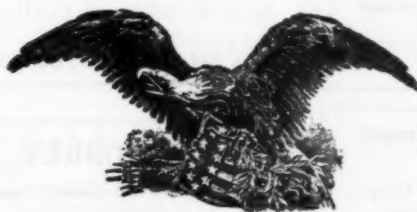
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McLeod of the Atlas being bracketed in the top half, while J. V. Steele in the lower half, has succeeded in emerging into the final, by the default of Herbert Kilburn of the British America. Mr. Steele, who is an employee of the Western Canada Fire Underwriters Association, has done remarkably well on his first venture into the competition to reach the finals. Mr. Kilburn was playing a wonderful game of golf this season, and so excellent was it that he was in the eighths in the Western Canada Golf Championship, and withdrew from this competition owing to the fact that he had too much of a handicap and felt it would not be fair, under the circumstances, and the wonderful improvement in his play since the outset of the season, to continue.

### Canadian Notes

The Halifax Fire has been licensed in Canada to transact tornado insurance.

The London Guarantee & Accident has been licensed in Canada for inland transportation.

The Federated British has been licensed in Canada for sprinkler leakage insurance.

P. A. Blain of Saskatoon, Sask., has been named agent for the New Hampshire Fire.

The Neve Agencies of Calgary, Alta., have been appointed to represent the Connecticut Fire.

R. V. Gibbons of Lethbridge, Alta., has been appointed agent for the Commercial Union of New York.

The Insurance Service, Ltd., of Winnipeg, has been appointed general agent on behalf of the Laurentian for Manitoba.

A short circuit in the electrical wiring caused a fire at the pickle plant of Reynolds, Moore & Co. at Winnipeg last

week which damaged the building, stock and equipment, causing a loss estimated at \$30,000.

Fire at the Canadian Pacific Railway freight shed No. 3, on Burrard Inlet, near Vancouver, caused damages estimated at \$30,000 last week.

The S. T. Lawrie Investment Agencies have been appointed agents for the British General and the National Provincial in Edmonton, Alta.

The K. Stewart Agencies of Portage La Prairie, Man., have been named agents for the British General Insurance and the Pacific Coast Fire.

Wye & Jackson, Ltd., of Winnipeg, Man., have been appointed to act as general agents for the Glens Falls, having supervision of the Province of Manitoba.

According to the "Monetary Times," fire losses in Canada for the week ending Aug. 31 are estimated at \$47,500, as compared with \$122,713 for the corresponding week of 1926.

The village of Ivanhoe, Ont., was almost wiped out by a fire last Thursday. The fire started from a spark from a chimney, with the result that the church and several other buildings were destroyed. There was only an amount of \$1,600 insurance on the church. The total damage is not reported.

George E. Swan, for many years assistant manager of the casualty department of the Liverpool & London & Globe at Winnipeg, was presented last week by members of the staff with a gold wrist watch suitably engraved, on his retirement from service. S. N. Richards, local manager, made the presentation.

The Security Trust Co., Ltd., of Calgary, Alta., has been appointed to act as general agent for Alberta, for the Security of New Haven, on the retirement of H. A. Benjamin of Calgary, who formerly supervised both the provinces of Saskatchewan and Alberta. Saskatchewan will now be under the supervision of R. T. Burlingame, special agent of the company at Winnipeg.

## MOTOR INSURANCE NEWS

### HAS NO THOUGHT OF MERGING

President E. J. Becker of the Reliable Automobile Says the Rumor Is Not True

Contrary to the story published in the Aug. 4 issue of THE NATIONAL UNDERWRITER, the Reliable Automobile Insurance Association, of South Bend, Ind., is not now merged with any other insurance organization, nor has any such merger ever been contemplated. The story as published in this paper was received from a correspondent who is ordinarily reliable. An investigation of his source of information is now in progress. The editors of this publication regret exceedingly the annoyance which the publication unwittingly caused the officers of the association.

### Statement by President Becker

E. J. Becker, president of the Reliable Automobile Insurance Association, expresses himself as follows: "The insurance association which I represent has at no time and does not now contemplate any merger or affiliation with any other similar organization. Our business this year shows nearly 50 percent increase in earned premiums over the same period last year; by far the best year in the history of the association. Notwithstanding the normally increased losses of the summer months, our loss and expense ratio has left a comfortable contribution to surplus so far this year. Our reserves are well in excess of the amounts required by the insurance departments of Indiana, Illinois and Michigan. In short, we are in an attitude of growth and progress, and therefore a combination with a less favorably situated organization would be unthinkable."

### Subject to Insurance Laws

OKLAHOMA CITY, Sept. 14.—A letter has been issued to automobile service companies operating in Oklahoma, by the state insurance board, informing them that their basis of operation comes under the insurance laws of Oklahoma. The letter advised that these companies must comply with the insurance laws as set forth with Section 6665 of compiled statutes of 1921, qualify with the insurance board, be legally licensed and operate under the supervision of the state insur-

ance department. The ruling applies to all companies operating in the state.

### Issues Fire Prevention Call

Jay W. Stevens, chief of the fire prevention bureau of the National Board, has issued a call upon fire chiefs throughout the nation immediately to start the nation-wide campaign against arson as planned early this year. The chiefs are requested to make the necessary cooperative arrangements with the local chiefs of police in accordance with the resolution adopted by the police chiefs at their annual convention at Windsor, Ontario, this year.

### Death of J. W. Schindler

John W. Schindler, assistant treasurer of the Hardware Dealers Mutual Fire of Stevens Point, Wis., died Sunday morning. He was taken to St. Michel's Hospital, Aug. 31, and operated on for ulcers of the stomach. He was 31 years of age. His native town was Marshfield, Wis. He started his business career with the American National Bank of Stevens Point, becoming assistant cashier. Later he went with the Hardware Dealers Mutual.

### Interested in Blue Geese

Paul E. Rudd, grand wielder of the Blue Goose, has been interested in the information sent him by H. C. Upham, adjuster of fire and tornado losses in Oklahoma City, regarding the blue geese which are on view at the national zoological park at Washington. The members of the Blue Goose have been interested in the rare species of fowl and in news about places where they may be seen and expeditions which will uncover them in their native habitat.

### Start New Home Office Building

BALTIMORE, Sept. 14.—Contract for construction of the new home of the Central Fire of this city at Fayette and Holliday streets, at a cost of more than \$200,000, has been awarded to Henry A. Knott & Co., builders. The building will be a two-and-a-half-story structure. It will have a frontage of 71 feet on Fayette street and 111 on Holliday street, extending to the present quarters of the insurance company. The building will be completed in about ten months, it was said.



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# The National Underwriter

September 15, 1927

CASUALTY AND SURETY SECTION

Page Thirty-Three

## AWAIT DECISION ON COMPENSATION RATING

Casualty Company Officials Are  
Interested in Superintendent  
Beha's Conclusions

## DEMAND BETTER RETURNS

Unless Higher Rates Can Be Secured,  
Stock Companies May Abandon  
Class Altogether

NEW YORK, Sept. 14.—Casualty company officials are speculating as to the probable decision of Superintendent Beha regarding the proposed compensation rating plan recently submitted him by a committee of eight company executives on behalf of the National Bureau of Casualty & Surety Underwriters, for much depends upon the result. Mr. Beha has been going over the proposed formula for several weeks, has had it explained to him by the underwriters and has since been studying it independently.

### Plan Another Hearing

A further general hearing will take place at the local offices of the department here early next week, after which the opinion of the superintendent may be expected. Mr. Beha likewise has before him the rates as revised by the Compensation Inspection Rating Board for use in New York on and after Oct. 1, at which date the amendments to the state compensation law become operative. Should the superintendent approve the rate formula submitted by the underwriters, it would be made to apply to the New York state figures, and would also be used in preparing rates elsewhere throughout the country, the assumption being that if the plan were sanctioned here it would pass muster in other commonwealths when the governing authorities understood its application.

### Would Distribute Cost

While details of the proposed plan are still secret in so far as the fraternity generally is concerned, it is understood that it contemplates a more equitable charge upon minimum rated risks, which collated experience over a period of years and for seven representative states has shown to yield an excessive loss ratio; an extension of the experience rating plan and a method of expense charging that will embrace service, inspections, taxes and leave a modest profit. The regulation expense loading of 40 percent has proven inadequate in practice, the cost being something in excess of 42 percent. The carefully worked-out program of the underwriters provides for a rating method that will more accurately place the burden of carrying risks where it properly belongs, and not permit one classification to profit at the expense of another.

The mutuals have steadfastly opposed the effort of the stock carriers to get better rates on minimum rated risks,

## SPEAKERS ANNOUNCED FOR THE CONVENTION

### SECURE SPLENDID TALENT

Casualty Men Will Have Some Notable  
Addresses at the White Sulphur  
Meeting

The International Association of Casualty & Surety Underwriters and the National Association of Casualty & Surety Agents have made a preliminary announcement as to the program for the annual meeting to be held at White Sulphur Springs, Va., Oct. 4-6. Governor Albert C. Ritchie of Maryland is the top liner on the speaking program. Governor Ritchie, as is known, is a favorite son of Maryland and is spoken of in connection with the nomination of president of the United States before the Democratic convention. Other speakers will be James A. Beha, New York superintendent of insurance; Charles R. Miller, president of the Fidelity & Deposit; Lewis A. DeBlois, director of safety and engineering division, National Bureau of Casualty & Surety Underwriters, New York; William B. Burruss of Oakland, Md., well known inspirational lecturer who was formerly manager of the Provident Mutual Life at Kansas City. Edward A. St. John, president of the National Surety who heads the International association and Charles H. Burras of Chicago, president of Joyce & Co., who is president of the Agents Association will preside at the business sessions.

voting in sharp opposition to such suggestion not only in the gatherings of the National Council, but at the latest meeting of the New York rating body. It is taken for granted that their opposition will again be evidenced at the forthcoming hearing before Superintendent Beha. Should such prove to be the case, and if it result in the defeat of the program, the issue between the stock and the non-stock carriers will be squarely drawn and will have to be fought out.

### May Discontinue Class

The non-stock carriers specialize in writing large risks, where the premiums amount to a considerable figure and where claims can be adjusted enblock and consequently at a low ratio of expense. The stock offices, on the other hand, carry probably 85 percent of the low premium risks and have done so for many years to their great loss. While perfectly willing to continue to afford protection to the small assureds, the stock carriers insist that the latter henceforward pay rates commensurate with the hazard. They are no longer disposed to play the part of eleemosynary institutions and will be strongly tempted to cut out the class altogether. They have already cut down very materially in their acceptance of this type of risks, and unless they can get a fair rate in future will carry declarations still farther, undeterred by threats of state funds or anything else.

The Utica Mutual of Utica, N. Y., has been admitted to Maine to do a general casualty business. It has total admitted assets of \$4,130,403 and a surplus to policyholders of \$803,635.

## COMPETITION IN CASUALTY AND SURETY LINES GROWS

### MORE COMPANIES IN FIELD

Tendency Is for Carriers to Enlarge  
Their Scope to Include All  
Branches of Business

NEW YORK, Sept. 14.—The already keen strife for premium income in the casualty and surety fields is becoming more intense as new entrants into the arena are seeking agency representation, while the established companies are all campaigning for additional business and are pushing might and main in order to secure it. While the great majority of the offices are now writing practically all lines of indemnity, either directly or through the medium of allied enterprises, as is the case with the Aetna Life and the National Surety for example, the former working in conjunction with the Aetna Casualty and the latter with the New York Indemnity, some notably successful corporations still follow the single line idea.

### Trend Toward General Writing

The trend of the business, however, is pronouncedly toward writing all lines and it is a safe prediction that in the not distant future the company that will be holding to a particular business will be the rare exception. With the growth of insurance has been created a demand for a complete coverage. The merchant and manufacturer who has confidence in his agent or broker inclines to have him take care of all of his insurance interests, instead of being compelled to submit the intimate details of his financial affairs to various parties in order to get the different types of indemnity he seeks. The result of this tendency has been a broadening of operations on the part of local agents in the larger centers of the country, specialists in both casualty and surety divisions being engaged to handle each his particular work. Local men find it a distinct convenience to represent a company affording all phases of insurance, advantages which the limited line writing offices seek to offset by the claim of superior service because of centralized effort.

### Company Proceeds Cautiously

The drift toward additional lines of coverage on the part of surety offices is illustrated by the entry of the great American Surety into the burglary field nine years ago to be followed by its embarking in the plate glass business within the past three months. Every once in a while the report circulates that the company will go still further and issue personal accident and perhaps automobile liability insurance. While this may come about in the course of time, there appears to be no present likelihood of it, President Brown being content to proceed cautiously and not at all inclined to jeopardize the remarkable success met by his company in its primary fields.

Were it not for the general fear of the compensation business, there is little doubt that practically all of the surety companies would enter the casualty lines.

(CONTINUED ON NEXT PAGE)

## CLAIM ASSOCIATION IN ANNUAL CONVENTION

Large Attendance and Notable  
Program Mark Gathering in  
Toronto

## DISCUSS VITAL PROBLEMS

Questions Affecting Accident and Health  
Contracts and Total Permanent  
Disability Clauses Considered

### NEW OFFICERS ELECTED

President, L. L. Graham, Business Men's Assurance.  
Vice-President, W. R. Waugh, London Life, London, Ont.  
Secretary, Robert K. Metcalf, Connecticut General Life.  
Treasurer, F. L. Templeman, Maryland Casualty.  
Librarian, Bayard P. Holmes, Hooper-Holmes Bureau.  
Executive Committee—H. P. Gallaher, Mutual Life of New York, Chairman; H. S. Bean, Eastern Casualty; D. R. McKenzie, Manufacturers Life, Toronto; L. D. Erlon, Travelers Health, Omaha; H. E. Don Carlos, Travelers, Hartford.

### By FRANK A. POST

TORONTO, Sept. 14.—The 18th annual convention of the International Claim Association, which closed here today, was marked by an especially large attendance and a notable program of discussions and addresses on topics relating to claims both under accident and health policies and under the double indemnity and total disability clauses



H. S. BEAN  
President Eastern Casualty

of life policies, with perhaps greater emphasis given to the latter feature. The problems of the two classes of companies have become more closely akin since, as was pointed out by two of the speakers at the opening session, the life companies that are issuing the dis-



ability clause with the 90-day provision are really writing non-cancellable accident and health insurance with a 90-day waiting period.

There was an attendance of nearly 150 at the opening sessions Monday, at which the welcome address was given by the mayor of Toronto, a departure from the procedure at past meetings in some American cities, when, as was pointed out by C. O. Pauley of the Great Northern Life in his response, that duty has usually been passed on down to the fourth assistant corporation counsel, or some such functionary. Greetings from the Canadian companies were extended by T. G. McConkey, president of the Canadian Life Officers Association, taking the place on the program assigned to Herbert C. Cox, president of the Canada Life, who was unable to be in attendance.

H. S. Bean of the Eastern Casualty, president of the association, in his annual address referred to several conditions in the business which would require attention sooner or later, including the increasing tendency toward malingering in accident cases where workmen's compensation is also a factor; the increase in the number of trivial claims, not cured by any means by the use of the waiting period, since if a company writes full coverage, with an added commission, it is hard to get anywhere with the agent on the waiting period idea; the lack of cooperation on the part of doctors, particularly in rural communities, which was assigned largely to lack of knowledge on their part as to what the contract covers, and the extension of the companies' liability by court decisions.

A. W. Pettit of the Federal Life, secretary of the Claim Association, in his annual report also took up briefly some of the general problems of the claim man, stating that the first essential is that the insured be adjusted and that the adjuster sell himself, suggesting also the desirability of uniform claim blanks and of greater interchange of information. His report showed a present membership of 141 companies.

#### Close Coordination Needed

W. T. Grant of the Business Men's Assurance, president of the Health & Accident Underwriters Conference, which meets here the last half of this week, in extending greetings from that organization emphasized the desirability of close coordination between agency, underwriting and claim departments and the necessity for securing and retaining the good will of the public. He spoke of the entry of the life companies into the disability field as bringing a new element into the claim end of the business, as the life companies were accustomed to pay all claims at once and to a certain extent carried that attitude over into the disability field. He said he would rather see a few claims paid that should not be paid, and in that way retain the good will of the public.

The only one of the formal addresses on the program which was given Monday was that by Robert K. Metcalf, manager of the claim department of the Connecticut General Life, on "Some Claim Aspects of Permanent Total Disability." He summed up the essential requirements in dealing with such cases, from his point of view, as including thoroughness in securing information,

#### HEALTH & ACCIDENT CONFERENCE NUMBER

The annual meeting of the Health & Accident Underwriters Conference, which is being held this week in Toronto, together with the addresses given at that meeting, will be reported fully in the special edition published by The National Underwriter in connection with that convention, which will be issued immediately after the conclusion of the meeting.

#### COMPANY TO OPERATE IN LARGER TERRITORY

##### WORKING OUT ORGANIZATION

**Glens Falls Indemnity Enters 14 States**  
—Claim Executive Is Named by  
F. P. Stanley

GLENS FALLS, N. Y., Sept. 13.—F. P. Stanley, vice-president and general manager of the Glens Falls Indemnity, has announced that the company has made application for entrance into the following states: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, District of Columbia, Ohio, Illinois and California. It is not the intention of the company at this time to extend these operations further.

Mr. Stanley also announces the appointment of S. M. Thomas of New York to exercise executive supervision over the new company's claims affairs. Mr. Thomas is ably qualified by long field and home office experience and goes to the Glens Falls Indemnity from the Metropolitan Casualty, with which he has been general claims attorney. His resignation with that company takes effect Oct. 1, when he will move to Glens Falls to take up his new work. Prior to his connection with the Metropolitan Casualty, Mr. Thomas was prominently identified with the Massachusetts Bonding and the Travelers.

emphasis on specialized medical service in certain classes of cases, maintaining close contact with the claimant throughout the period of disability, reasonable interpretation of the contract and direct negotiations with the claimant.

#### Talk by Chester N. Farr

Chester N. Farr, Jr., a Philadelphia attorney specializing in insurance law, presented an interesting discussion of the tendency of the courts to break down the distinction between germ diseases and accidents. He cited cases such as that of Christ vs. Pacific Mutual Life, 312 Illinois, 525, 144, N. E. Rep. 161, 35 A. L. R. 730, in which the court held that because the man contracted typhoid fever from drinking contaminated water which had accidentally entered the pipes which ordinarily carried pure water, the injury was accidental. Other cases have followed a similar line of reasoning, and inasmuch as it can be argued with sound logic that any germ disease is incurred accidentally, it is possible that all such diseases will be considered accidents.

#### COMPETITION IN CASUALTY AND SURETY LINES GROWS (CONT'D FROM PRECEDING PAGE)

uality arena, but knowledge of the lack of profit in the compensation line and the constant entanglements its operation presents acts as a deterrent, the thought being that no great amount of general casualty business can be written unless a company is willing to assume a percentage of compensation risks.

The convention was regarded as one of the most successful ever held from the standpoints of both attendance and interest. High tribute was paid by the association to H. S. Bean of the Eastern Casualty and the other officers for their work the past year.

#### Award Golf Tournament Prizes

Prizes for the golf tournament were awarded at the banquet. J. W. Hughes of the Guarantee Fund Life had low gross of 79. Dr. E. W. Jackson, Great Northern Life, was second. R. Sumner, London Life, had low net with L. N. Webb, Provident Life & Accident, second. H. M. Cook, Mutual Life of Canada, had high gross.

#### ONLY ACCOMMODATION LINES ARE WRITTEN

##### POLICY OF COMPANY GIVEN

**United States Fidelity & Guaranty Will Not Write Liability Insurance for Any Chiropractors**

W. B. Hill, assistant secretary of the United States Fidelity & Guaranty in charge of the personal accident and health department, states that in a recent article mention was made of the fact that the United States Fidelity & Guaranty with a few other companies is writing liability insurance for osteopaths and chiropractors. Mr. Hill says the company does not advertise or solicit the sale of professional liability insurance for osteopaths, but occasionally issues a policy as an accommodation line and at an increased premium with particularly carefully selection of risks. Furthermore Mr. Hill says:

"In regard to professional liability insurance for chiropractors, I am advising you definitely that we have never knowingly written one policy for a member of this school. At no time have we considered doing so, and as far as I can say at present we have no intention of doing so in the future. We hold ourselves out as offering professional liability insurance to ethical practitioners of the recognized schools of medical and surgical procedure only."

#### Thomas Joins Glens Falls Indemnity

S. M. Thomas of New York City has been appointed executive supervisor of the claim department of the Glens Falls Indemnity. The appointment was announced by F. P. Stanley, vice-president and general manager of the company. Mr. Thomas resigns the position of general claims attorney of the Metropolitan Casualty to accept the new appointment. He organized the claim department of the Metropolitan Casualty throughout the United States and previously to his joining that company was identified with the Massachusetts Bonding and the Travelers' organization.

#### Approves Capital Increase

LANSING, MICH., Sept. 13.—The way was cleared for a considerable expansion by the National Casualty of Detroit late last week when Commissioner Charles D. Livingston gave his approval to a \$500,000 increase in capitalization sought by the company. The increase gives the Detroit carrier a capitalization of \$750,000. W. G. Curtis is president of the company. The Harris Trust Company of Chicago, department officials were given to understand, underwrote the capital increase in its entirety.

#### Changes in Special Agency Rank

BALTIMORE, Sept. 14.—The following changes in special agents have been announced by the United States Fidelity & Guaranty: James H. S. Hall, a native of Massachusetts, has completed his home office training, and is now receiving field training in Richmond. F. C. Brannan, a Baltimorean, having completed his home office training, is temporarily assigned to the Syracuse branch office. Edward B. Stout, Jr., of Bowling Green, Ky., completed his training in the home office and has been assigned to the Louisville branch office. Joseph L. Leonard of Cincinnati, is connected with a Cincinnati branch office. C. E. Monmonier, a Baltimorean, has been through the training course at the home office, and is now receiving instructions in Charleston, W. Va. D. A. Travis, a Virginian, completed his course in the home office and has been assigned to the Richmond branch office. R. M. Clark of New York has been assigned to the Syracuse office. F. P. Gotter, a native of St. Louis is now attached to that branch office. G. F. Disney is the latest acquisition to the special agency force of the Cleveland office.

#### EXPERIENCE REPORTED AS VERY UNFAVORABLE

##### FRAUD, FORGERY LOSSES RISE

**National Surety Reports Large Increases for First Seven Months of 1927 Over First Seven of 1926**

According to statistics recently issued by the National Surety, cases of fraud and forgery show a large increase upward for the first seven months of 1927 as compared with the first seven of 1926. The company's fraud loss payments increased from 7,222 in 1926 to 17,934 in 1927; forgery loss payments increased from 2,498 to 2,659; embezzlement loss payments from 3,028 to 3,117; embezzlement and theft losses paid to Wall street brokers from 89 to 113. Credit insurance losses increased from 175 to 194.

The company, however, had a much different experience in the burglary line, principally, it is believed, because of improved police protection. The losses decreased from 1,127 for the first seven months of 1926 to 829 for the first seven of 1927. Total claims on all classes of financial crimes increased from \$3,902,052 to \$4,066,554.

#### G. E. TURNER ADDRESSES CLUB

**General Counsel of Casualty Information Clearing House of Illinois Speaks at Luncheon Meeting**

G. E. Turner, general counsel of the Casualty Information Clearing House of Illinois, was the speaker at the Monday noon meeting of the Casualty Field Club in Chicago. It was the first meeting of the field club for the new season. The keynote of Mr. Turner's address was the place of the special agent in the insurance scheme.

"Do not high hat the local agents," Mr. Turner said. "Treat them like human beings. The special agent has as his duty the appointment of local agents and, therefore, has an important place in the field of underwriting. With him the present conduct and the future of the business rests. A discouraging element in the business is the special agent who goes by the book, who has his ideas in his brief case."

He told the meeting that training in public speaking is of great aid to the special agent. It gives him precision in developing his ideas and fluency in delivering them to his hearers.

Freeman Read of R. W. Hosmer & Co., Chicago, president of the field club, presided at the meeting.

#### Arranged for Completion Bond

The National Surety has arranged for the completion bond for the Madison-Clark building in Chicago, a new skyscraper that will be erected on the southwest corner, opposite the Morrison hotel. The bonds are being marketed by R. S. Strauss & Co. The Globe Indemnity secured the contractor's bond, the Fitzgerald Contracting Company securing the work. Owing to the issuance of the completion bond, it was possible to market the real estate bonds without any great difficulty.

#### Kansas City Office Moves

KANSAS CITY, MO., Sept. 14.—The Kansas City branch office of the United States Fidelity & Guaranty has moved to the new location on the tenth floor of the new Midland building. The office occupies the entire floor, comprising 6,560 square feet. The office space is 50 percent larger than the former quarters in the Federal Reserve building.

#### Joyce & Co. Appointed

The New York Indemnity announces the appointment of Wm. B. Joyce & Co. of St. Paul as general agent for surety business. Wm. B. Joyce & Co. have represented this company as general agents for the casualty lines since October 1st, 1923.



## NATIONAL SURETY OUT OF COST CONFERENCE

Resignation Formally Acknowledged, But No Other Action Has Been Taken

### ONE CITY LINE AFFECTED

Company's Move Pertains Only to Burglary Business in Chicago—Disturbance May Result

NEW YORK, Sept. 14.—Aside from formally acknowledging the recently submitted resignation of the National Surety from membership in the Casualty Acquisition Cost Conference so far as burglary business in Chicago is concerned no action in the matter has been taken by the governing organization, nor will there be until it can be given attention by the National Agency Committee. The latter body has not met since July and in the present absence of certain members on vacation it is uncertain how soon a meeting can be held.

The National Surety has been a member of the Acquisition Cost Conference since the creation of the organization almost five years ago. W. B. Joyce, chairman of the board, and E. A. St. John, president of the company, having attended the various meetings at which the launching of the body was determined on. Burglary insurance is the only division of business under control of the conference which the National Surety transacts, its major lines of surety and fidelity underwriting being under the jurisdiction of the separate body charged with regulating the acquisition cost of those lines.

#### National Surety Active Member

The National Surety is an active member of the latter association and has been strict in the observance of its every obligation. It likewise holds membership in the burglary department of the National Bureau of Casualty and Surety Underwriters, and its retirement from the Acquisition Cost Conference will not affect its relations with the Bureau.

#### Little Trouble on Line

Aside from Chicago and one other center, burglary business throughout the country is in a thoroughly satisfactory condition. Underwriters declare that conditions today, thanks largely to the cooperation obtained through the Bureau, are as nearly ideal as can be hoped for. Hence the regret generally expressed at the action of the National Surety in Chicago and the fear that it may disturb relations elsewhere. Every effort to prevent this disturbance will be exerted, and it is hoped the attempt will be effective.

#### Brokerage Only Causes Trouble

The trouble in Chicago complained of by the National Surety relates to the payment of excess brokerages only. There is no question of rates or policy forms involved, all conference offices strictly observing their obligations in the latter connections.

Under the conference rule the brokerage on burglary business in Chicago is limited to 20 percent, nothing beyond that figure being permitted. The contention is made by the Chicago representatives of the National Surety that certain of its competitors have, under the guise of general agency appointments, been paying brokers up to 30 percent for their burglary lines, and that by virtue of this unfair competition the National Surety has sustained a considerable shrinkage in income from its

## S. F. NORWOOD WINS PACIFIC COAST POST

PROMOTED BY NORWICH UNION

Insurance Career Started in 1908—Has Been With Present Employers Since First of This Year

NEW YORK, Sept. 14.—S. F. Norwood has been appointed resident vice-president of the Norwich Union Indemnity in charge of its Pacific coast department. L. H. Booth, who has been manager of the company's branch office at San Francisco, for some time, continues in that capacity.

Mr. Norwood belongs to the younger generation of casualty underwriters and has earned a name for himself. A native of Idaho, born in Coeur D'Alene in 1886, he is a graduate of the Baltimore public schools and of the college of that city, later earning his law degree at the University of Maryland. His business career dates from 1908, when he entered the employ of the Maryland Casualty. Subsequently he was associated in turn with the Western Casualty & Guaranty, Commonwealth Bonding & Casualty, London & Lancashire Indemnity, Globe Indemnity and since January last with the National Union Indemnity. He has had extended and valuable experience in claim work, business production and general executive duties.

Mr. Norwood is now at the home office of the Norwich Union Indemnity in this city, where he will spend a month getting in touch with its policies and practices before leaving for the west coast with President H. P. Jackson. Mr. Jackson has demonstrated his ability to select efficient lieutenants, not the least worthy of which is his latest appointee.

burglary business. To meet this reputed condition and to meet it fairly and above board the company decided to quit the acquisition conference in Chicago and its formal notice is to that effect.

#### Withdrawal Questioned

The question has been raised whether a conference company member can withdraw from the Acquisition Cost Conference as to any particular territory; observing the rules strictly in certain sections of the country and operating as it sees fit elsewhere. While the prevailing opinion is that a company must be either wholly in or out of the conference so far as territory is concerned, some underwriters dissent from this idea, asserting that a member may quit for a particular field if so disposed.

The rule of the conference governing general agencies and branch offices stipulates that "no more than one such general agent or branch office shall be located in any one city, excepting Greater New York, for which special rules are provided; Boston, in which the number may be three; Los Angeles, in which the number may be three for burglary insurance only; and Baltimore, Buffalo, Chicago, Cleveland, Detroit, Philadelphia and St. Louis, in which the number may be two."

It is boldly charged that some companies maintain offices in Chicago in excess of the above limitation, and to this fact is attributed the present agitation in burglary circles and is directly the cause of the step taken by the National Surety.

#### Alliance of Difficulties Seen

Some managers feel that the disturbance in burglary circles in Chicago is allied to the late action of the conference in increasing commissions on plate glass business in that city, a course that was taken over the protest of several members of the National Agency Committee who contended that an increase in the commission on one line of business would serve to stimulate a de-

(CONTINUED ON PAGE 44)

## QUARRY SITUATION AT QUINCY, MASS., SERIOUS

COMPANIES WILL NOT RENEW

Hazards of Granite Workers' Employment So Great That Insurers Are Dropping Compensation Line

BOSTON, Sept. 14.—A situation of serious import to the operation of the employers liability act of Massachusetts and the continued operation of the extensive granite quarries at Quincy, Mass., has arisen the past week as a result of the communication sent the Granite Manufacturers Association of Quincy by the casualty companies handling the workmen's compensation line on the risks to the effect that the insurance companies will decline to handle the business after present expirations of policies.

Experience of the companies on the business has been very bad and the granite manufacturers have persistently declined to accept any of the suggestions of the insurance companies that they improve working conditions on the quarries with a view to reducing the dangers to the workers.

#### Are Drills Hazardous

Installation of compressed air drills in recent years has intensified the dangers from granite dust and drill tool particles, so that many workers are dropping out of the industry and others are more or less affected from pneumoconiosis, through absorption of the dust and particles in the lungs. Neglect to use goggles has also resulted in many eye injuries.

Recently insurance company representatives spoke at gatherings of the workers and explained to them the seriousness of continuing in their employment without being protected by goggles and without the protection of blowers to carry away the dust from the cutting tools. The many men who had to retire to an early death, and the fact that doubtless many of the present workers were more or less affected, was pointed out. It was emphasized that there are few apprentices in the work and the insurance companies were faced with the necessity of meeting constant and ever-increasing casualties without the advantage of new workers to keep up the premiums. The workers recognized the situation and expressed desire for better conditions, declaring they hold no grievance against the insurance companies for not desiring to continue on the risks. It was generally conceded that the situation is one which calls for action by the manufacturers and could be remedied only by them.

#### Risks Change Hands

One by one the larger companies have been dropping the risks, only to have younger and newer companies take them up. The matter has been before the Massachusetts Rating & Inspection Bureau, which is the governing body for the operation of the employers liability act, and it has come to the point where the companies have mutually recognized the bad situation in the line.

One Boston executive has made a careful analysis of the risk and has determined that a pure premium which would meet the cost of the line would have to be a \$25 rather than the \$3 rate now charged. Such a rate is, of course, prohibitive.

#### Manufacturers Complain

When the manufacturers' association recently received word from many of the companies that their policies would not be renewed at expiration they complained to the insurance commissioner. The commissioner has made inquiry of the companies and at least one company has replied that it is ready to renew the policies when the manufacturers agree.

(CONTINUED ON PAGE 44)

## CLAIMS FOR DISABILITY PRESENT BIG PROBLEMS

Address Prepared by Dr. H. W. Dingman Read at Claim Association Meeting

### MANY ANGLES INVOLVED

Agents, Home Office Underwriters, Claim Men and Policyholders Are Factors in Each Case

An especially interesting address on "Disability Claim Problems" was prepared for the annual meeting of the International Claim Association at Toronto this week by Dr. H. W. Dingman of Chicago, medical director of the Continental Casualty and Continental Assurance. Dr. Dingman, who was taken suddenly ill last week, was unable to attend the Toronto meeting, but his address was read by Dr. J. B. Jack of Chicago. In it he said in part:

"The basic problems of health and accident insurance are to get the business, and to handle it. Field underwriters (agents) get it. Home office underwriters cull it. Claim men pay on it. Underwriters select the applicants who pay the premiums that pay the claims. Underwriters and claimants are the two big problems of the claim men.

#### Claim Problems Ancient

"Claim problems are as ancient as insurance protection itself. Men banded together with pledges to aid fellow members who met with misfortune. Immediately arose the question, what degree of distress demanded relief? In other words, who collects and how much? And that, the first problem of disability protection, remains the foremost claim problem today. Who collects, and how much?

"It was 1824 before there became available a table based on actual claim experience. Many disability experiences have been published since 1824, and always the latest one shows a higher rate of claim than the previous ones. Which is not as strange as at first it may seem.

#### "Disability" Hard to Define

"This changing world of ours has always been a changing world. In earliest days relief went only to those who were poverty stricken, which eliminated moral hazard. But it also eliminated the wealthier members who were less likely to require relief. Why participate equally in assessments, unequally in indemnities? Disability may be distressing, though not of destitute degree.

"Ideal it would be if we could indemnify disability as defined in the dictionary: 'Incapacity, inability to perform physically or mentally.' But who will differentiate actual disability from apparent?

"Gradually, agreement has become general that the insurance interpretation shall be disability of occupational degree. Not body hurt. Not mental anguish. Disability that actually interferes with vocational duties. This fundamental is well known to you as claim men—the basis on which indemnity becomes payable. But is it well known to our customers, the applicants who buy, the claimants who will be? Indeed, is it well known in the insurance world itself?

#### "Liberal" Payments Dangerous

"It has been advocated that insurance companies should pay claims liberally. So dangerous a doctrine impedes the advancement of health and accident business. Claims must be interpreted justly. Liberal payments are unjust to buyers of disability protection, unjust in



THE STANDARD  
SHALL NEVER GROW  
SO BIG~BUT THAT THE  
INDIVIDUAL AGENT~  
HIS DESIRES AND NEEDS  
~WILL ALWAYS BE  
OUR FIRST CONCERN



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that the rates of the future are based on the experience of the present, and if the experience of today includes overpayments because inadequately or 'liberally' analyzed, the buyer of tomorrow suffers because he overpays. The claim man must be fair to the buyer of tomorrow, even as to the buyer of yesterday.

#### Who Collects, and How Much?

"Who collects, and how much? is the problem of the claimant, even as of the claim man. His contract specifies what coverage he bought. He should know his contract and the claim man should know his claimant. The study of claimants is the study of human nature.

"Tonsil removal may occasion a three-day disablement to the average person. But not if he has a disability policy. Appendicitis may cause two weeks' loss of time to the average person. But not if he has a disability policy. Admittedly such claimants are ailing. The problem is, how long? Hernia is never caused solely by trauma. But accident policyholders claim differently. Apoplexy drops a man to the pavement and he bumps his head. The claim is made that it was head injury that caused his apoplexy. Admittedly such claimants are ailing. The problem is cause and effect. Determine the sincerity of a claimant and you go far to establish validity of his claim.

#### Two Kinds of Underwriters

"The claimants we have depend upon the policyholders, the policyholders upon the applicants, the applicants upon the prospects. Wherefore, it must be that those who convert prospects into applicants, and those who accept applicants for policyholders, are those who provide potential claimants. Mr. Agent is the field underwriter who solicits from the general population the applicants from whom must be selected the policyholders by the home office underwriter.

"The underwriter's task is not an easy one. He knows that disability is a 100 to 1 hazard, as compared to death. He knows that one man in five is disabled every year and that there are four disabilities annually for every five men in the income ages of 20 to 65. Some suffer often.

#### Some Classes Potential Claimants

"He knows that thin men are prone to tuberculosis and peptic ulcer and nervous ailments. He knows that heavy men are predisposed to gallstones and diabetes and degenerative diseases. He knows that farmers get sick in winter time and school teachers in summer time and women all the time. He knows that claimants increase in hard times and that claims appear more legitimate in good times.

"He knows that claim men scold him for accepting some policyholders and agents scold for refusing some applicants. He knows, too, that high grade policyholders come only from high grade applicants and that it requires a high grade agency force to solicit uniformly high grade prospects.

#### Field Man Determines Class

"The field underwriter determines the class of business. His prospects represent a natural process of selection. His applicants reflect himself. Mere mention of an agent's name brings to mind a definite picture, composite but none the less accurate, of his average applicant.

"When the underwriter chooses what applicants will become policyholders, he selects potential claimants. The underwriter differs from the claim man in essential phases. He selects risks on the presumption of a certain proportion becoming disabled. The claim man proves how many do become claims. The underwriter groups applicants according to age and weight and tangible characteristics. He classifies. The claim man degroups. He individualizes. The underwriter learns to expect understatement of personal history. It is the applicant's self-interest in obtaining protection. The claim man learns to expect exaggeration

and misstatements. It is the claimant's self-interest in obtaining indemnity.

"The underwriter selects risks largely because of physical attributes. Insurance experience is more or less charted on physical impairments. The claim man travels an uncharted road. His problem is, largely, human nature and psychology. Which suggests the biggest problem of health and accident underwriters. Experience is available on 1,000 underweights or 1,000 overweights or 1,000 nervous breakdown cases. And that helps future selection of similar risks. But classification of 1,000 exaggerators or 1,000 misstaters, so their prototypes can be recognized, appears not to be practicable.

#### Essentials of Good Claim Man

"The claim man holds a three-way responsibility: (1) To the company whose funds he guards; (2) to honest claimants whose distress he alleviates; (3) to future applicants whose buying power he protects.

"What then constitutes a good claim man? He must know insurance fundamentals, the general broad principles of disability coverage, its scope and its limitations. He must know insurance contracts, the adaptations of those principles to his company's policy forms. He must understand people. He must analyze motives. He must read the unwritten stories. He must know human nature. In short, he must be a psychologist."

#### Compiles Authorities on Hernia

An interesting compilation of authorities on hernia has been made by A. W. Pettit, assistant general counsel and claim adjuster of the Federal Life of Chicago, who is also secretary of the International Claim Association. The question of whether hernia can ever be regarded as an accident is one of great interest to both accident and compensation insurance men.

#### Standard's Norfolk General Agent

The Standard Accident of Detroit announces the appointment of Thomson, Etheredge & Co. of Norfolk, Va., as general agent. The firm is one of the best known in Norfolk, having been established for over 50 years. At the present time it is operated by Mordaunt Etheredge, president and treasurer; R. H. Etheredge, secretary, and Tom C. Tilley, manager of the insurance department.

#### Writes on Hotel Risks

Leo E. Thieman of the Casualty Information Clearing House, Chicago, is the author of an article on compensation and liability rates for hotels, in the current issue of the "Hotel Bulletin." Mr. Thieman points out that the losses make the rate and takes up a great number of practical phases of hotel operation where care will prevent losses.

#### F. M. Chesterman in New Post

Frederick M. Chesterman has been made superintendent of the casualty department in the New York office of the American Employers. Mr. Chesterman has been with the Travelers in New York City for a number of years, handling principally casualty business. He recently resigned his Travelers' connection.

#### Appoints Coast Superintendents

SAN FRANCISCO, Sept. 14—With the appointment of Dan Coakley and C. H. Desky as superintendents, the Commercial Casualty has formally entered the fidelity and surety business in California. Mr. Coakley, who was formerly with the Aetna Life and affiliated companies, will have charge of the bonding department in Los Angeles while Mr. Desky is in charge of the new department in the Pacific Coast head office in San Francisco.

#### Hoban Gets New Connection

Appointment of George B. Hoban, special agent for the former Oregon Surety & Casualty, as special agent for the International Indemnity in the Pacific northwest, is announced by the latter company. Mr. Hoban will be connected with both the Seattle and Portland offices. The company has been active in the Washington-Oregon field for the past four years.





# KEEPING UP

WITH THE

# NATION'S BUSINESS!

This Company is engaged in a business which today is a recognized essential part of the business of the Nation. It is largely responsible for the great development of Corporate Suretyship! There is now scarcely any business transaction of great importance which does not require a Surety Bond at some stage of the proceeding.

This Company writes a greater volume of Surety and Fidelity bonds than any other Company in the world.

The Capital of this Company has been increased as the demands for Service required!

## Growth of Capital

1908	The Capital of the Company was	-	-	-	-	\$500,000.00
1909	Increased to	-	-	-	-	750,000.00
1910	"	"	-	-	-	1,500,000.00
1912	"	"	-	-	-	2,000,000.00
1915	"	"	-	-	-	3,000,000.00
1916	"	"	-	-	-	4,000,000.00
1919	"	"	-	-	-	5,000,000.00
1922	"	"	-	-	-	10,000,000.00
August 5, 1927	"	"	-	-	-	\$15,000,000.00

(Total Capital and Surplus over \$25,000,000)

## Losses Paid!

During the last thirty years this Company has paid losses under its bonds and policies of over EIGHTY-FIVE MILLION DOLLARS!

*The Supreme Court defined the word GOOD-WILL as:*

"The disposition of the pleased customer to return to the place where he is well treated." We desire to express our thanks to OUR customers, the Insurance Brokers and Agents, who, by their continued patronage, have given evidence of being "WELL PLEASED."

# NATIONAL SURETY COMPANY

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CAPITAL - - - - - \$15,000,000.00

*World's Largest and Strongest Surety Company!*

AGENTS EVERYWHERE





## GERM DISEASES CONSIDERED ACCIDENTS

Address Delivered at Meeting of International Claim Association in Toronto

BY CHESTER N. FARR, JR.  
Philadelphia Insurance Attorney

**I**N 1924 was decided the case of Christ vs. Pacific Mutual Life, 312 Illinois, 525, 144 N. E. Rep. 161, 35 A. L. R. 730. Christ, a boilermaker's handy man, was injured in a policy providing indemnity against bodily injuries sustained solely by external, violent and accidental means. The averment was that Christ died and his death was produced by external violent and accidental means, to-wit, by accidentally drinking polluted water, believing such water to be pure and fit for drinking purposes.

### Facts of Case on Which Decision Was Based

The evidence showed the insured was employed in the railroad shops of the Chicago & Alton. There were two systems of water pipes in the shops, one used for conveying water for drinking purposes to the employees and the other conveying water for other purposes, such as for the engine tanks, and not fit for drinking. The two systems of pipes were entirely separate except for one connection, at which there was a gate valve which kept the water in either system from flowing into the other. The water from both systems was supplied by the city from its regular water mains. During the winter months there was a shortage of water and the railroad company began pumping water from a small creek near the shops, forcing the water into the system of pipes used to convey water for other than drinking purposes. The sewage from two cities emptied into the creek a short distance above the point where the pumping was conducted and the water so pumped was polluted by sewage and decaying matter. Shortly after this the valve connection between the

two systems of water pipes became defective and the polluted water flowed into the system of pipes conveying water for drinking purposes and polluted the water in those pipes. The insured was uninformed of the polluted condition of the drinking water and drank it, believing that it was pure and harmless and fit for drinking purposes. As a result he became ill with typhoid fever and died.

### Defect in Valve Was Accidental Cause

The court said: "A death by typhoid fever cannot be regarded as accidental unless it appears that the disease itself was introduced by accidental means. The means by which disease is acquired being the entrance of the typhoid bacilli into the system. If the means of such entrance are accidental, the resulting typhoid fever and its fatal effect may also be said to be accidental. In this case the deceased did exactly what he intended to do in drinking from the faucet, but he intended to drink the water furnished by the city and not the sewage polluted water of the creek. It was a defect in the valve which was the accidental cause of his drinking the polluted water and taking into his stomach the bacilli which resulted in typhoid fever and eventually in death.

### Disease May Cause Injury to Body

"Typhoid fever is always a disease, but it does not follow, as is argued, that the manner in which the disease is contracted is immaterial or, as is assumed in the argument, that there was no bodily injury. Disease causes bodily injury when it prevents the organs of the body from performing their functions and

finally produces death. An accident causing a disease which produces these results is the proximate cause of these results."

### Violence Not Limited to Physical Force

The court further said: "Where death arose from accidentally taking a drink of poison the injury resulting in death may be regarded as received through violent means. The same principle applies to typhoid bacilli accidentally taken into the stomach. Violence causing bodily injury is not necessarily limited to physical force, but the accidental introduction into the body of a foreign substance which causes death or extreme bodily injury or suffering is violent within the meaning of the policy as much as if the violence had been a blow."

The latest case is the case of Newsoms vs. Commercial Casualty, 137 S. E. Rep. Va. (1927). The insured ate for breakfast cold canned beans and white meat. Shortly thereafter he was taken ill with violent cramps and began vomiting the food he had eaten. He died about two hours afterwards of ptomaine poisoning or acute indigestion. It was held that this was an accidental death within the policy.

### May Incur Accident While Following Intentions

In a case antedating this somewhat, Sutter vs. Mass. Bonding, 215 Ill. App., 241 (1919), the court said: "Many accidents occur when the victim is doing precisely what he intends to do. He may step on a plank supposing it to be safe when in fact it is decayed and will not support him, or drive an automobile presuming its machinery is in good order and be thrown out because the brake will not work, or drink out of a bottle presuming it contains a harmless fluid when in fact it is a deadly poison. We do not see how these cases can be distinguished from eating that which he presumes wholesome but which contains

poison. In each case he is in a sense injured in and while he is doing what he intended to do." Ptomaine poisoning, as I understand it, is produced by bacteria existing in food, and as a result of the action of the bacteria on the food, the food produces in the stomach a toxic condition known as ptomaine poisoning.

### Boundary Between Disease and Accident Disappearing

It seems to me perfectly apparent on studying these decisions on typhoid fever and ptomaine poisoning that almost the whole boundary separating disease from accident has been wiped out. These decisions practically say that any involuntary introduction of a disease germ into the human system is an accident. If bacteria disease germs which produce ptomaine poisoning are accidental means then the whole distinction between disease as caused by germs and disease caused by accidents has been swept away, for eating, inhaling, drinking or absorbing in any manner a disease germ by an involuntary process or by a voluntary process, not believing that the disease germ is present, is an accident.

### Most Diseases Are Acquired Accidentally

Suppose the insured enters a house having previously been occupied by an influenza patient. He acquires the influenza. Or suppose he comes into contact with a man who has influenza, of which fact the insured has no knowledge, and the insured sickens in either of these cases and dies of influenza. I cannot see that there is any distinction in principle between a condition in which influenza germs are planted in the body as a result of these circumstances and one in which typhoid germs are introduced by drinking water which the insured had imagined to be pure. If one is an accident logically the other is an accident as well. In fact if this species of reasoning is to be pushed to its log-



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It interests us to handle intricate Bonding propositions

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## The Banker Is a Key Man

**I**N addition to his important duties as custodian of other people's money, the banker has a part in many local enterprises. His advice is sought by hundreds of individuals and his financial judgment often determines the policy of corporations that he serves as director.

Conservative and prudent, he recognizes the importance of adequate insurance protection. But he must, perforce, rely on the insurance specialist for the working out of specific cases.

The *Ætna-izer* can render valuable and profitable service by cultivating the acquaintance and confidence of his local bank executives.

### *The Ætna Plan* Appeals to Bankers

When the *Ætna-izer* explains the *Ætna Plan* to a banker he is quick to appreciate its value to his own institution and to his other interests.

It is an insurance audit that keeps protection "in balance." The *Ætna* chart, survey and recommendations constitute a unique and helpful insurance service.

*It Certainly Pays to be an Ætna-izer!*

### *Ætna Policies* That a Bank Should Carry

GROUP LIFE  
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MISCELLANEOUS FIDUCIARY BONDS  
REGISTERED MAIL  
WORKMEN'S COMPENSATION or EMPLOYERS' LIABILITY  
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PLATE GLASS  
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**ÆTNA LIFE INSURANCE COMPANY**

*and affiliated companies*

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## Continental Casualty Company

H. G. B. Alexander, President

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Casualty Insurance

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HOME OFFICE DAVENPORT, IOWA

ical conclusion it must inevitably mean that all germ diseases are accidents, for no one voluntarily exposes himself to such a disease, except possibly a physician or a nurse. There is always something unexpected in the circumstances in which the disease may be said to have been acquired, and reasoning by analogy, a man may call it an accident if he is hit by a disease germ in just the same manner as if he is hit by a brick.

### List of Germ Diseases Is Continually Growing

If this be so, and the courts seem prepared to make it so, nearly every disease now known as an infectious or contagious germ disease will become an accident. Medical science is continually adding to these diseases, and probably, if the truth were known, every disease has its particular germ; some are far less infectious than others, and some have to be actually planted in the system in order to produce their appropriate illness, but all are germ diseases. Under the rulings, which have been quoted, the introduction of them into the system is an accidental means and an accidental happening.

### Scientific Advances Have Altered Older Conditions

We believe that anyone outside of our professions when asked whether ptomaine poisoning was an accident or a disease would have immediately answered "a disease," and if he were asked whether it was produced by an accident in cases where a person had eaten spoiled food that he would answer that it was not so produced, any more than an attack of typhoid fever from unknowingly coming in contact with or absorbing typhoid fever germs, could be said to be produced by accident. This is setting forth the thought of the man in the street. That it was the thought of the companies when insurance policies were originally written was undoubtedly the case and they were careful in the provisions which they wrote in the policy to exclude disease in any form. At that time, however, the germ theory of disease was in its infancy or undiscovered. While contagion and infection were recognized as conditions producing disease, the laws which governed their operation were obscure. Subsequent scientific advances, unsuspected at the time the original policies were written, have given us these decisions with a logic that I am bound to confess seems strong.

### New Policy Limitations Are Liable to Criticism

If these conditions which have been described above form a ground for any reasonable apprehension on the part of the companies as to the future, the practical thing to do is to take up possible remedies. The one which immediately suggests itself is a change in the policy form. But so much of this has been done by accident insurance companies and so much has the suspicion of the courts been aroused and consequent hostility created by each new change introduced with the apparent purpose of avoiding the payment of claims, that a recommendation that new qualifications be inserted in the policy should be made with caution. Before offering any suggestion as to policy amendment the writer would suggest, if it does not already exist, some cooperation between the companies in cases of this character. Of the exact details by which this cooperation should be worked out the writer is scarcely competent to speak but he feels sure that there are some cases of this character the trial of which is highly disadvantageous to accident companies generally, since an adverse decision is most probable, and a consequent stiffening of the law results against the companies on the points in dispute.

The New York Indemnity announces the following appointments: Moor Brothers Realty Co., general agent for surety, Toledo, Ohio. Everett F. Adams Agency, district agents for surety, Cleveland, Ohio.

## Harry T. Huff Is Given High Post In Few Years

HARRY T. HUFF, who was recently elected vice-president of the National Surety, joined the company as an accountant less than seven years ago. In 1920 he connected with the National Accounting Company as an accountant and traveling auditor, assigned to general audit and income tax return work.

An auditor was required by the National Surety to handle a troublesome case in Oklahoma. Difficulties had arisen in connection with very large public official bonds, and the young man who had already impressed his employers with his knowledge of accounting principles was sent south to make investigation and to complete an audit upon which he was to make recommendations to the National Surety as to the best method of handling the situation in view of the surety company's tremendous liability.

### Work Very Involved

When he left for Oklahoma he was told that the job would last only a couple of weeks, but for more than a year and a half he remained in the south conducting investigations regarding the honesty, the business methods, and the care in safeguarding securities of public officials in Oklahoma, Louisiana, Texas, Kansas, Missouri, West Virginia



**HARRY T. HUFF**  
Vice-President National Surety

and Pennsylvania. He undoubtedly saved the company large sums by his intelligent handling of these cases, and as a result of his work he published a pamphlet, "How to Audit an Office of a Public Official," which is a standard of accounting practice today.

In connection with these duties he also did a great deal of work as an agency special, and has traveled almost every state in the Union, making contacts with field men, attending road lettings and getting a wide field experience.

### Acted as Contractor

At one time he acted as general contractor, completing a \$35,000,000 school building in Kentucky with a net loss to the National Surety of a very small sum, instead of the full penalty of the bond. In 1924 he was called into the home office to reorganize the reinsurance department, and the following year took charge of and reorganized the fidelity department. Six months later the public official department was added to his duties and the federal and post office departments were also included. During his administration as a fidelity department head there has been an increase in volume as well as a reduction in the loss ratio. Mr. Huff is a member of the production council and is supervising new production in fidelity lines.



## PERSONAL GLIMPSES OF CASUALTY MEN

**Herbert F. Wenzel**, secretary of the Insurance Claim Association of America, has just published the annual "Who's Who" of the insurance claim world in which is included a biographical sketch and a statement of the nature, practice and experience of each member listed in the publication. This compilation contains a valuable list of adjusters and attorneys who are handling claims.

Mrs. Gertrude Baker of Chicago announces the marriage of her daughter, Willoween, to **Elwyn A. Wride**. Mr. and Mrs. Wride will reside at 1615 Catalpa avenue, Chicago. Mr. Wride is special agent for the Norwich Union Indemnity attached to the Chicago western department. Prior to his connection with the Norwich Union Indemnity he was special agent for the Ocean Accident, traveling out of Chicago. He is an Englishman by birth, and education and started his insurance career with insurance offices on the other side of the water. He has had a fine training in the casualty and surety lines.

**Conkling, Price & Webb** of Chicago will give their annual outing to the men of their organization and some of their leading agents of Illinois at Olympia Fields Friday of this week. There will be a golf tournament in the afternoon and dinner in the evening. On Saturday the women of the office will be tendered a luncheon and a matinee party.

**Dr. H. W. Dingman** of Chicago, medical director of the Continental Casualty and Continental Assurance, was stricken suddenly and violently in his office the other day with an acute attack. He was rushed to the University Hospital where he is now recuperating. It may be possible that an operation will have to be performed. Dr. Dingman was scheduled to read a paper before the International Claim Association at Toronto this week. He had dictated the paper and it was sent on to be read. He is one of the wheel horses in the Continental Casualty organization.

**Alexander Payson Knapp**, 58, vice-president of the United States Fidelity & Guaranty until a year ago, who died last week in Jamestown, R. I., was buried from his home in Baltimore, Monday. Born in New York State, he went to Baltimore after his graduation from Cornell University. He became secretary of the United States Fidelity & Guaranty when it was organized in 1896, and ten years ago became vice-president. He resigned last year.

**Francis R. Blossom** of Fred S. James & Co., Chicago, who has captured the Fidelity & Deposit premier trophy or the grand prize at the casualty meetings at White Sulphur Springs twice, will not be at the convention which starts Oct. 4. Mr. Blossom feels that he has won the cup twice and desires somebody else to be the winner twice before he competes for the permanent ownership of the cup. The rules provide that anyone who wins it three times gets the cup. Mr. Blossom

states that the trophy is too magnificent to be won without competition. The cup was won one year by A. T. Buffinton, Fall River, Mass. It is understood that Mr. Buffinton will be present this year to compete for the cup. In case he wins it, Mr. Blossom will compete for it the year following, hoping Mr. Buffinton will be present to enter the contest.

**Walter McK. Hillas**, vice-president of the Fidelity & Casualty and head of its personal accident and health department, is again in New York City after a most enjoyable vacation through the middle and the far west. In company with his wife Mr. Hillas made a tour of Yellowstone, Glacier, Rocky Mountain National and other famous parks, not forgetting to visit agents of his company at central points wherever it was possible to do so. Having now traveled 35 states Mr. Hillas intends in due course to see the remainder, and once this be done to cross the northern border and view the glories of the Canadian Rockies.

**C. B. Crawford**, vice-president of the Washington Fidelity National of Chicago, was operated on recently for congestion of the gall duct at the Battle Creek Sanitarium, Battle Creek, Mich., where he has been confined for the past five weeks. The operation was entirely successful and he is now convalescing. He expects to be back at his desk in about three weeks. To honor him on his return the company has set aside the weeks of Sept. 12 and 19 as "Crawford Weeks," and it is expected that an especially desirable volume of business will be presented to him when he gets back to his desk, as a result.

**Howard B. Hebble**, special agent for the Employers Liability, operating from the Hanlon office in Cincinnati, was married Wednesday evening of this week to Georgiana Livingston of Milford, O. Mr. Hebble is a son of C. R. Hebble, also a special agent for the Employers Liability.

**D. L. E. Keller** of Keller & Smallhorst, adjusters of Los Angeles, was in Chicago last week visiting some of the insurance offices en route to the meeting of the International Claim Association at Toronto this week. Mr. Keller is a son of the late Dr. David H. Keller, who was one of the most famous claim adjusters in Chicago and later at Los Angeles. Dr. Keller contributed much to the literature of claims and adjustments. He always attended the International Claim Association meetings. His son, in association with Dr. Smallhorst, who was employed by Dr. Keller at Los Angeles in his claim work, continued the business of Dr. Keller following his death.

**M. L. Jenks**, vice-president of the American Surety, who has been away from his office for more than two years because of ill health, returns to resume his duties this week. He is in charge of the company's metropolitan department.

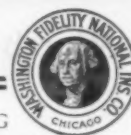
## WORKMEN'S COMPENSATION

## RECENT DECISIONS SHOWN

## Cases Involving Some Disputed Points That Were Brought Up in Workmen's Compensation Claims

Held that an appellate court in reviewing awards of the Industrial Accident Commission is not acting as a court of appeal, and is without power to de-

termine the weight to be given the evidence, or which of two opposing inferences should be drawn therefrom. An injury sustained by the proprietor of a bootblack stand on the premises of a barber shop, incurred while removing linoleum from the floor of the barber shop, is compensable notwithstanding the fact that the bootblack was not specifically ordered to perform the work whereby the injury arose, where the evidence shows that the services of the



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Gentlemen:

As you know, my husband Anthony Santo who held your policy SA-404815, was killed by an automobile on May 22nd.

Am writing to tell you that Mr. Darcy, your Claim Manager today gave me a check for \$1,000 in full payment of my claim. For my circumstances your quick and fair action has been a Godsend, and I am very thankful.

Sincerely yours,

THERESA SANTO

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New York

bootblack were incidental to his regular duties and of benefit to the proprietor of the barber shop and that the bootblack paid no rental for the privilege of conducting the stand, but in lieu thereof rendered services to the proprietor of the barber shop as porter.—Payne vs. Industrial Accident Commission, Dist. Ct. of Appeals, Calif., 1st Dist., Div. 1.

An employee of a railroad company was injured through negligence of the company, and died as the result of his injuries. His administratrix sued for damages under the state employers' liability act of 1911. The petition contained two causes of action: First, for damages accruing to the employee in his lifetime; and second, for damages consequent upon his death accruing to his personal representative for benefit of his dependents. The company pleaded settlement with the employee and release from liability. Plaintiff replied that the settlement and release were induced by fraud and mistake. A demurrer was sustained to the evidence offered in support of the reply. On consideration of the evidence held that the demurrer was properly sustained, and recovery on the first cause of action probably denied.—Fuller vs. A. T. & S. F. Ry. Co., Sup. Ct., Kan.

Held that the provisions of the factory act (R. S. 44-101 et seq.) do not extend to the cutting of wood with a bucksaw on a farm even though the saw may be operated by an engine or other mechanical power.—Whipple vs. McLean, Sup. Ct., Kan.

A coal miner, under the workmen's compensation act, suffered a permanent partial disability to his right eye by accident in 1918. Seven years later, when mining coal for another employer, for whom he had worked five and one-half years, he suffered an injury to his left eye which rendered him totally and permanently disabled. Held, that his later employer, from whom he sought compensation, was not entitled to credit for an amount (\$1,188) paid to him seven years previous by the other employer in settlement for partial permanent disability on account of the injury to his right eye.—Moore vs. Western Coal & Mining Co., Sup. Ct., Kan.

### Could Not Live on Payments

LINCOLN, NEB., Sept. 14.—The fact that the beneficiary of a compensation award is temporarily in prison is not only no good reason why the insurance company should stop payments to him, but is all the more reason for their continuance, rules the state compensation commissioner. The matter came to the attention of the commissioner by a request from the wife of the injured man

for medical treatment for him. About the same time the company sent in a letter of inquiry as to whether his incarceration relieved it of payments. These were for \$15 a week until his disability was removed. The recipient said the amount was not sufficient and he tried to add to his income by bootlegging, but got caught and was jailed.

### Appoint Members of Commission

LINCOLN, NEB., Sept. 14.—Two members of the commission of seven that the last session of the legislature authorized to go over the present workmen's compensation law and the similar laws of other states and present a new code for the consideration of the next legislature, have been chosen by Governor McMullen. Theodore Jensen of Omaha, president of the Nebraska Federation of Labor, has been chosen to represent labor, and Prof. E. Glenn Callen of the faculty of Nebraska Wesleyan University at Lincoln, is the other appointee. Mr. Callen is a specialist in workmen's compensation laws.

### Moore With Constitution Indemnity

BOSTON, Sept. 15.—Harry E. Moore, formerly manager of the branch office of the Metropolitan Casualty in Boston, has been appointed manager of a newly established branch office of the Constitution Indemnity in Boston. Mr. Moore is one of the best known casualty managers in New England. He was born in Kansas 48 years ago. He had some mercantile experience and then, possessed of a fine tenor voice, spent some time in light opera touring the country. On a visit to Boston he became interested in insurance. For ten years Mr. Moore was with the Massachusetts Bonding. In 1922 he became local manager of the Zurich. In July of last year he accepted the resident management of the branch office of the Metropolitan Casualty, covering eastern Massachusetts, Maine and New Hampshire.

### Reinsurance Deal Abandoned

MILWAUKEE, Sept. 14.—The proposed reinsurance contract between the Midland Casualty of Wisconsin and the American Bankers which has been pending before the Wisconsin insurance department, has been definitely and permanently abandoned, according to an announcement of H. O. Maxwell, secretary and manager of the Midland. The question of reinsurance was involved following the purchase by the American Bankers of Jacksonville, Ill., of a controlling interest in the stock of the Midland Casualty. C. Y. Rowe will continue as president of the company, Orlaf Anderson as treasurer, and H. O. Maxwell as secretary and general manager. Mr. Maxwell has been in active management of the company since 1923. The company operates in six states and has an annual premium income of \$300,000.

### Walsh Heads New York Department

BALTIMORE, Sept. 14.—The Fidelity & Deposit announces the appointment of Michael A. Walsh as head of the fidelity department of the New York branch. Mr. Walsh has been associated with the growth and development of that branch of the business since 1909, when he was employed in the mailing and agency department of the National Surety. In 1913 he was transferred to the fidelity department, conducting fidelity investigations until the latter part of 1914, when he was promoted to his first position as an underwriter. Mr. Walsh resigned from the National in 1924 to accept a position with the Standard Accident of Detroit as manager of its fidelity department. He resigned from that position in 1927 to take his present position with the Fidelity & Deposit.

### National Union Indemnity Capital

Following the recent determination to increase the capital of the National Union Fire of Pittsburgh, it is announced that an addition to the capital of its subsidiary, the National Union Indemnity, "has also been considered, but the date and amount has not been definitely determined."

### Wisconsin Association to Meet

MILWAUKEE, Sept. 14.—The Surety Underwriters Association of Wisconsin will resume meetings for the year Sept. 16, according to Fred W. Harris, secretary of the association. The meeting will be held at the Wisconsin Hotel, Milwaukee, and acquisition cost problems will be discussed.



## WITH BURGLARY UNDERWRITERS

### BAUMES LAW NOT EFFECTIVE

**Buffalo Insurance Men Say Robberies Are Just as Numerous as They Were Last Year**

BUFFALO, N. Y., Sept. 14.—According to a number of Buffalo underwriters, the Baumes law has had little effect here in the way of reducing robberies, particularly residence offenses. Since the first of this month, residence claims have been very heavy, showing an increase, on the average, over those of last year. On the other hand, there have been fewer hold-ups and mercantile robberies.

Armstrong, Roth & Cady, one of Buffalo's largest burglary agencies, has had few claims through mercantile thefts this year, while residence robberies show an increase, particularly since the return of summer tourists, who closed their homes during the warm weather period. There has been a greater number of claims since Sept. 1 than during any other like period this year, from residence owners. Holdups are fewer, while so-called inside thefts, such as jewelry robbery from individuals, have shown an increase.

The past month shows a larger number of claims have been filed by residence policyholders at the office of Gurney, Overturf & Becker. These claims also are for vacationists who are returning to find their homes rifled. There have been fewer mercantile

claims. Those filed have been largely for safe robberies.

Worthington, Sill & Morgan also report mercantile robberies on the decrease. Few jewelry store robberies have been reported during the past few months.

### MAIL THEFTS INVESTIGATED

**Insurance Companies Complain of Loss of Premium Checks to Post Office Thieves**

Postmaster General Harry S. New has ordered an investigation of the alleged theft of mail belonging to insurance companies from the postoffices at Indianapolis and Cincinnati. He has ordered the chief of postoffice inspectors to detail a number of his men to investigate the case.

The mail consisted principally of checks in payment of premiums. It is reported that these checks are being made good by the banks. The insurance companies complain that the losses are causing embarrassment to policyholders.

It is reported the mail has been obtained by persons who represent themselves as insurance company agents. Under the postal laws, postmasters are forbidden to hand out mail from a post-office box unless the person calling for it has been properly identified. John H. Bartlett, first assistant postmaster general, has been ordered to warn all postmasters against taking mail from locked boxes and giving it to strangers.

## ACCIDENT AND HEALTH

### CONSTRUCTION OF TERM MADE

**Iowa Supreme Court Had Case Before It Involving Interpretation of the Phrase "Train Wreck"**

Construction of Term "Train Wreck" in Travel Insurance Policy.—Action at law to recover on an accident insurance policy under which plaintiff's husband was insured in case of death resulting from injuries "as the result of a train wreck." The deceased was killed while riding inside of a passenger car of a train and as a result of a derrick carrying a steel bucket smashing in a portion of the side of the car and striking the deceased. The damaged car or the train was not derailed but continued to the end of the division where the car was detached.

#### Held Death Due to Wreck

Held, that plaintiff could recover, for the words "train wreck" as used in the policy were within the meaning and purview of the above facts. Although the word "wreck" has no technical legal signification outside of maritime or marine law, it must be given its ordinary meaning and here be understood to have been used to describe a risk peculiar to the life of a traveling man for whose benefit that form of insurance policy was presumably written. The policy contemplated a resulting injury or death from some external force which could arise from one of many causes, and the facts disclosed a partial destruction of a part of the train on which the insured was riding as a passenger and which resulted in his death, which facts constituted a train wreck within the purview of the policy. The court said it would not attempt to determine what percentage of a train must be destroyed or damaged before a train wreck existed in a legal sense. *Mochel vs. Iowa State Traveling Men's Association*, Supreme Court of Iowa.

### ACTIVITY SEEMS FRAUDULENT

**Cashing of Worthless Expense Drafts Issued by Non-Existent Concern Leads to Many Inquiries**

Correspondence between the Connecticut department and several firms in California has led to the suspicion that a person representing himself to be an adjuster for the Guardian Health & Accident of North America, the home offices of which are alleged to be in Hartford, is practicing a fraud in that state. After the department received two or three letters requesting information as to the status of the company, it attempted to secure information as to the reasons for the inquiries and learned that a man representing himself to be C. A. Allen, adjuster for the "Guardian Health & Accident Insurance Company" had been "going through California presenting loss expense drafts presumably issued by the assistant treasurer of the Guardian Health & Accident on a regular expense draft form, which drafts are supposed to be payable at the home office at Hartford. These drafts are being presented at various hotels for amounts ranging from \$25 to \$100. The drafts are very similar to the usual expense drafts issued by the insurance companies and of course are readily cashed."

Inquiry was first made by the Boston office of the Burns Detective Agency and later by an insurance man and hotel manager in Sacramento and San Diego, Cal. The drafts have been found to be worthless and efforts are being made to apprehend the man calling himself C. A. Allen. The Connecticut insurance department has been unable to identify the man, nor is there any company on record as the Guardian Health & Accident of North America.

#### Receiver for Florida L. & A.

Johnson H. Pace has been appointed receiver for the Florida Life & Accident

## More Evidence of Good Will and Service

Recognizing the constant, prompt and courteous service rendered to Contractors and Architects as well as "Insurance Companies" the ZOURI DRAWN METALS COMPANY has induced the AMERICAN GLASS COMPANY, INC., to represent them as sole distributors in the Chicago territory of their ZOURI STORE FRONT PRODUCTS, including the well known ZOURI SAFETY KEY-SET CONSTRUCTION, listed by the Underwriters' Laboratories.

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RISK SURVEYS-AUDITS

Immediate Service at Any Point in Northern Ohio  
"Notify our Closest Branch"

Akron Office—525 Second National Bank Building  
Youngstown Office—504 Realty Building  
Toledo Office—1151 Nicholas Building  
Columbus Office: 701 Outlook Building



of Miami, Fla. The company was licensed by the Florida department Feb. 19, 1926. Following the Miami hurricane the company changed its business from accident to industrial life, accident and health. Its funds were invested principally in first mortgages on improved real estate in the vicinity of Miami. Admitted assets at the end of last year were \$109,089. The capital was \$100,000.

#### Takes Over Freeport Company

The Illinois Mutual Casualty of Peoria, Ill., of which O. L. McCord is president, has taken over the Prairie State Casualty of Freeport, Ill., which was organized in 1916. Its last annual statement showed assets \$8,282; liabilities \$2,915; income, \$27,742; disbursements, \$28,061. Its business was confined to Illinois.

#### Gets Accident General Agency

Ennis D. Luther, general agent for the Aetna Life at Bridgeport, Conn., has also been given a general agency for the accident, health and group disability business in Fairfield County, Conn. The Bridgeport branch office of the casualty departments of the Aetna Life and affiliated companies also will continue to write accident and health insurance, reporting it through the casualty departments. Ennis D. Luther is a son of Vice-President K. A. Luther of the life department.

#### National L. & A. Promotions

The National Life & Accident of Nashville, Tenn., has announced the promotion of the following assistant superintendents to superintendents in their districts: T. L. Thompson of Savannah, W. C. Heal of Evansville, G. N. Osment of Jonesboro.

#### Michigan Agents Met

LANSING, MICH., Sept. 15.—Over a score of Michigan agents for the Business Men's Assurance of Kansas City, Mo., were in attendance last week-end at a sales conference held at the Hotel Olds here. President W. T. Grant from the home offices and L. L. Graham, chief claim adjuster, were among the chief speakers. Ross Roberts, state supervisor for the company, was in direct charge of the meeting. The company's sales forces were welcomed to the city by Vice-President Clarence Bement of the Lansing Chamber of Commerce.

Edwin A. Muller, general agent for the Aetna Life, life department, at 225 Broadway, New York City, who succeeded General Agent R. H. Keffer at that location, has been given equal privileges with the New York casualty office and the 42nd street branch office of the company for writing accident and health insurance in greater New York.

## AMERICAN SURETY COMPANY OF NEW YORK

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FIDELITY AND SURETY BONDS  
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CHECK FORGERY AND  
ALTERATION INSURANCE  
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### COMPENSATION SHOWS GAIN OF OVER MILLION

#### NEW JERSEY RETURNS GO UP

Rating & Inspection Bureau Publishes Figures on Comparative Records of Companies

Premiums on compensation business written in New Jersey in the year ended June 30, 1927, increased from \$10,956,608 in the preceding year to \$12,206,834. In 1927 was made an adjustment in rates on the line that in part accounts for the increase.

The Compensation Rating & Inspection Bureau reports the comparative returns of the companies as follows:

	1926-7	1925-6
Aetna Cas. & Sur...	5,003	3,049
Aetna Life .....	660,037	684,456
Allied Mutual .....	34,792	48,271
Amer. Employers .....	31,375	15,318
Amer. Mut. Liab. ....	756,466	558,969
Baker Mutual .....	16,603	10,419
Bankers Indem. ....	59,269	9,118
Butchers Mut. Cas. ....	716	.....
Century Indemnity .....	4,137	.....
Columbia Cas. ....	71,124	59,882
Commercial Cas. ....	502,215	517,670
Continental Ind. ....	14,148	.....
Continental Cas. ....	24,420	22,841
Eagle Indemnity .....	23,886	23,838
Employers' Ind. ....	8,292	6,397
Employers' Liab. ....	413,275	322,415
Employers Mut. ....	8,657	10,666
Eureka Casualty .....	6,854	8,615
Federal Mut. Liab. ....	27,366	14,628
Fidelity & Cas. ....	218,513	205,067
General Accident .....	155,880	121,378
Gen. Cas. & Sur. ....	24,369	17,679
Georgia Cas. ....	2,268	50,232
Globe Indemnity .....	639,703	543,295
Great Amer. Ind. ....	26,351	.....
Hartford Ac. & Ind. ....	438,851	418,854
Hudson Casualty .....	59,691	38,698
Indem. of N. A. ....	297,286	221,128
Independence Ind. ....	196,557	149,890
Interboro Mut. ....	37,516	27,798
Liberty Mutual .....	423,789	375,566
London Guar. & A. ....	132,521	150,560
London & Lanc. Ind. ....	38,739	36,509
Lumber Mut. Cas. ....	67,672	58,443
Lumberm. Mu. Cas. ....	126,194	112,169
Manufac. Cas. ....	14,128	8,730
Manufac. Liab. ....	.....	208,882
Maryland Cas. ....	366,909	370,679
Mass. B. & Ins. ....	12,484	14,880
Metropolitan Cas. ....	100,984	72,882
New Amster. Cas. ....	169,017	138,719
N. J. Fid. & P. Gl. ....	38,907	22,767
N. J. Mfg. Cas. ....	1,958,085	1,847,969
New York Indem. ....	146,427	131,916
N. W. Cas. & Sur. ....	14,991	6,232
Norwich Un. Ind. ....	94,032	85,033
Ocean Ac. & Guar. ....	498,671	502,644
Phoenix Ind. ....	20,189	37,593
Republic Cas. ....	146,498	100,196
Royal Ind. ....	186,980	175,252
Seacoast F. M. Liab. ....	11,607	10,595
Secur. Mut. Cas. ....	45,027	43,612
Southern Surety .....	8,746	27,381
Standard Accel. ....	268,128	171,928
Sun Indem. ....	7,427	16,570
Travelers .....	1,484,475	1,296,101
Union Indem. ....	81,344	75,074
U. S. Casualty .....	111,918	117,000
U. S. Fid. & Guar. ....	638,680	439,424
Utica Mutual .....	13,521	13,779
Western Cas. ....	26,931	27,985
Zurich .....	186,218	156,982
Total .....	\$12,206,834	\$10,956,608

### QUARRY SITUATION AT QUINCY, MASS., IS SERIOUS

(CONTINUED FROM PAGE 35)

and provided that the loss ratio does not exceed 50 percent.

Some 150 plants in Quincy are affected by the decision of the insurance companies. Many of them are small plants where the installation of blowers, especially, would be a heavy burden.

It is expected the situation will be made the most of by the advocates of state insurance in the coming legislative sessions, which makes the matter a more delicate one from an insurance standpoint.

Leicester D. Klous, general agent for the Aetna Life life department in Utica, N. Y., has also been given general agency privileges for the accident, health and group disability lines in nine counties formerly under the supervision of the Syracuse life general agents, Herrick & Churchill.

### SECURITIES INADEQUATE TO COVER ALL CREDITORS

#### NO BENEFIT FROM DEPOSIT

Integrity Mutual Claimants in Georgia Except Fidelity, Not Protected by Local Fund

Release of the Georgia deposit of the Integrity Mutual Casualty has been practically effected in ancillary receivership proceedings at Atlanta. It has been held there that of the \$30,000 deposit, \$25,000 is for the benefit of claimants on fidelity policies and the remaining \$5,000 is to go into the general liquidation fund of the company. Fidelity losses in Georgia are given first claim on the deposit and fidelity return premiums second claim. Any balance remaining will go into the general liquidation fund and will not apply directly to the payment of Georgia losses on other classes of business. Claims of about \$9,000 have been allowed against the deposit. There was \$13,000 or \$14,000 in Georgia claims for compensation and automobile losses, but the Georgia claimants get no benefit from the deposit and will have to take their chances with other claimants in the general liquidation.

The Atlanta court followed the court at Chicago, where the main receivership was ordered, in holding that return premium claims of policyholders in a mutual company are not on a part with loss claims. The return premium claims of members are postponed until the loss claims are satisfied. In other words, the company remains a mutual even though it operates on a cash premium basis.

### NATIONAL SURETY OUT OF COST CONFERENCE

(CONTINUED FROM PAGE 35)

mand for like procedure with respect to other branches and now point to the present burglary situation as justifying their prediction.

It does not appear that increasing commissions on plate glass risks have proven particularly effective in meeting the competition of non-conference institutions either in Detroit or Chicago, for with the advance by the conference companies of the brokerage to 30 percent the outside institutions promptly went them one better by jumping their commissions to 35 percent. The only result was to increase the cost of operations of all seeking the business, without any corresponding gain in premium income to either class.

According to figures presented in the Argus Casualty Chart the total net burglary premiums obtained the country over last year were \$31,006,802, on which the loss ratio was 40 percent.

#### Sherman & Ellis Appeal

Sherman & Ellis of Chicago have gone to the United States Supreme Court in the endeavor to appeal from the decree of the district court at Chicago in the receivership of the Associated Employers Reciprocal. Their appeal to the United States Circuit Court of Appeals was dismissed last winter. Their request for a writ of certiorari will come up when the Supreme Court meets in October. If allowed, it means that the final decision will come in about two years. If the writ is not allowed, then the appeal cannot go any farther and the decision of the Circuit Court of Appeals will stand.

Meanwhile, the receiver is steadily collecting the assessment ordered by the district court, as well as the dividends allowed members in the last few years of the exchange's operations. The dividends were improperly allowed and the court ordered them refunded to the receiver.

### COVERAGE IS EXTENDED FOR PERIOD OF CONTRACT

#### CHANGE PLATE GLASS POLICY

Hartford Accident Announces Liberalization, Removing Extra Charge for Replacement

HARTFORD, CONN., Sept. 13.—An important revision in the plate glass policy has been announced by the Hartford Accident & Indemnity, effective Oct. 1, this being the extension of the coverage for the full period of the term of the policy, without extra charge for the period after replacement. Heretofore plate glass policies have all carried provision for an additional charge for coverage after a replacement has been made. Under the new policy which the Hartford is announcing the payment of the loss or replacement of the glass terminates the policy only in the event of the simultaneous breakage of all the plates covered under the policy. The pro rata additional premium extending the coverage will no longer be charged. The policy change has been approved by the New York insurance superintendent and the policy goes into effect Oct. 1. The change is effected in the new policy by the elimination of Condition 5 of the old form.

Members of the Plate Glass Department of the National Bureau of Casualty and Surety Underwriters will meet this coming Friday to consider the action of the Hartford Accident in agreeing to effect replacements upon other than total losses, without calling for additional premium during the life of the policy, but will take no action before conferring with the W. F. Moore Ratings Service, a conference committee of which has been named to deal with the subject. The adoption of the replacement clause by the Hartford Accident restores a practice that obtained generally in plate glass circles prior to 1915, since which time the plate glass companies have been collecting an added premium covering the value of the replaced lights. A clause in the standard fire policy provides for a reduction in the amount of the indemnity to the extent of the loss payment, a condition not feasible in plate glass coverage because of the nature of the latter contract.

#### BEHA ANSWERS REALTY MEN

Alleged Retention of Unearned Premiums Denied—No Such Thing as "Minimum Premium"

NEW YORK, Sept. 14.—Denying the allegation of Stewart Browne, president of the United Real Estate Owners Association, that certain casualty companies retained premiums on cancelled policies, Superintendent J. A. Beha of the state insurance department pointed out that in the event of policy cancellation companies are required to return to the assured the unearned portion of the premium and that legal reserves are maintained for that purpose.

He further advised that all rates issued by the companies have to be approved by the department before their application. There is no such thing, Mr. Beha added, "as a minimum premium."

#### New York Indemnity's Record

August proved the best business getting month in the history of the New York Indemnity so far as its fidelity and surety lines were concerned, the writings for the period showing a gain of 90 percent over the record of the same month last year. That there has been no recent let-up in the production is attested by the fact that the returns for the first ten days of September are just twice what they were in the same time of 1926.



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*—what is it?*

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As a wise insurance counselor the agent of The Employers' Group can conscientiously recommend doing business with a group of companies whose efforts to give "The Service That Satisfies" are appreciated, as is evidenced by letters from which the following quotations are typical:

*"Your action is liberal and goes far to explain why the Employers' hold their clients in the face of the very strenuous present day competition."*

*"Assuring you of my appreciation for the way in which this matter was handled and of my intention to say a good word for your company whenever the occasion is presented. . . ."*

*" . . . together with my thanks for your good service. This is what keeps my business in The Employers' when I am connected with another company."*

*Think It Over!*



IOWA AGENTS CONVENTION NUMBER

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

FRIDAY, SEPTEMBER 16, 1927

## Great American Insurance Company New York

*Choose  
Your  
Company*

*Choose  
Your  
Company*

INCORPORATED 1872

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INSURANCE COMPANY

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DES MOINES



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failure; the Iowa National has never had a service failure.  
Iowa agents, who wish to guarantee to their clients, the  
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and the prompt settlement of their claims, will do well to  
place their insurance with this company.

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Frank P. Flynn,  
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## FIELD REPRESENTATIVES

J. D. Berry, Adjuster  
W. N. Mintonye, Special Agent

John L. Peterson, Special Agent  
H. P. Rosser, Special Agent

Capital, \$500,000.00

Assets, \$1,261,264.74

Insurance in force, \$100,000,000.00

**Iowa National  
Fire Insurance Company**  
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**Fire, Lightning, Tornado, Automobile**





# The National Underwriter

THIRTY-FIRST YEAR No. 37-A  
EXTRA EDITION 25 Cents a Copy

CHICAGO, CINCINNATI AND NEW YORK, FRIDAY, SEPTEMBER 16, 1927

Office of Publication, 175 W. Jackson Blvd. Chicago, Illinois

IOWA AGENTS  
CONVENTION NUMBER

## Officers Re-elected by Iowa Agents

J. R. Vaughan Will Again Direct Activities of Association—  
Many Important Matters Treated at Waterloo Convention

### Seek to Curb Evils

WATERLOO, Ia., Sept. 15.—With the thermometer standing not less than 95 during the entire convention, the members of the Iowa Association of Insurance Agents met here on Wednesday and Thursday of this week for their twenty-first annual session. It was, in every sense, the hottest convention in the history of the Iowa Association. The weather was unbearably hot, and at least one of the sessions, the one in which the agents discussed the widespread rebating on contractor's bond business in Iowa, was rather warmer than the average business session of a state association. Although everyone present sweltered uncomfortably during all of the sessions, there was no let down in interest, and the weather did not have the effect of interfering with the program or reducing its quality. The only scheduled event that the high temperature prevented was the usual breakfast conference slated for early Thursday morning.

### Aroused Over Bonding Situation in Iowa

At this meeting it soon developed that the agents of Iowa belonging to the association are fighting mad over the

surety bond conditions in their state. At the session that was devoted to a discussion of this question it was charged by agents in all parts of Iowa that rebating on contract bonds is the customary thing, that stenographers,

private secretaries and other employees of contracting firms are acting as agents for surety companies and thus cheating the regular local agent out of the commission, and that the companies

(CONTINUED ON PAGE 4)

### OFFICERS ELECTED

#### PRESIDENT

J. R. Vaughan, Waterloo

#### VICE-PRESIDENT

John J. Petty, Des Moines

#### SECRETARY-TREASURER

Joseph R. Anderson, Cedar Rapids

#### EXECUTIVE COMMITTEE

Clyde H. Kissick, Albia; John Hynes, Davenport; Walter J. Fluent, Charles City; J. J. Shepard, Cedar Rapids; Fred W. Colvin, Sioux City; Henri Paul, Cedar Falls.

#### LEGISLATIVE COMMITTEE

Robert M. Evans, Des Moines; P. J. Clancy, Des Moines, and Hermann C. Miller, Waterloo

#### NEXT MEETING PLACE

Cedar Falls, Iowa

### Was Lively Convention

WATERLOO, IA., Sept. 15.—This is a short running story of the twenty-first annual convention of the Iowa Association of Insurance Agents held at Waterloo on Wednesday and Thursday of this week. All of the business sessions were held in the Russell-Lamson Hotel. J. R. Vaughan of Waterloo presided at each session. Mayor G. A. Tibbits of Waterloo, W. H. Brunn, vice-president of the Waterloo Insurers, and H. Verne Myers of Waterloo, Iowa state agent of the Security of New Haven, each delivered short addresses of welcome, the response being made by John J. Petty of Des Moines, vice-president of the association.

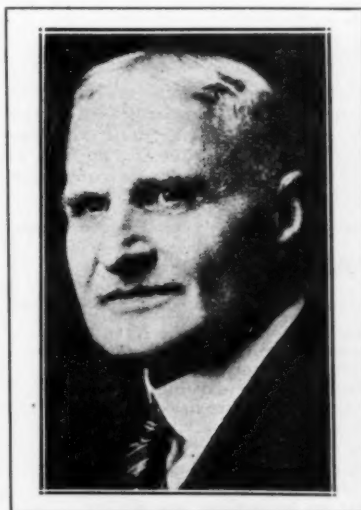
### Routine Reports Were First Disposed of

The report of Secretary-Treasurer Joseph R. Anderson and Milo Whipple, chairman of the executive committee and Peter J. Clancy, chairman of the legislative committee were read. President Vaughan then appointed the committees on nominations and resolutions, following which he delivered his president's message and then Leo E. Thie-

(CONTINUED ON NEXT PAGE)



JOSEPH R. ANDERSON, Cedar Rapids  
Secretary



J. R. VAUGHAN, Waterloo  
Re-elected President



JOHN J. PETTY, Des Moines  
Vice-President



JOHN HYNES, Davenport  
Member of Executive Committee



# Heated Discussion of Surety Problem

**R.** R. GILKEY, secretary of the Surety Association of America, conducted by what was all odds the most interesting session of this year's meeting. It was during the discussion following Mr. Gilkey's brief talk on surety problems that the agents of Iowa stood up upon their hind legs and roared about the rebating on contract bonds in the state which, they charge, is an everyday occurrence and that the companies know all about it but are doing nothing to eliminate it.



**FRANK M. CHANDLER, Chicago**  
Vice-President, New York Indemnity

Mr. Gilkey in his talk said that rebating in Iowa is prevalent and that the agents in the state have told him frankly

that they are rebating. He characterized rebating as a moral wrong and a pernicious practice and said that in many states it is a statutory wrong. "The rebater," Mr. Gilkey said, "is depriving himself, his family or his competitor of part of his livelihood. The usual excuse," Mr. Gilkey said, "is that 'the other fellow is doing it.'" Mr. Gilkey explained that rebating in Iowa is largely confined to contractor's bonds. He stated that the remedy is probably at the home offices and assured his audience that the companies proposed to stop the rebating that has become so widespread in Iowa.

## Responsibility Was Put on the Companies

As soon as Mr. Gilkey sat down, there were a half a dozen agents on their feet asking for the privilege of the floor. John Hynes of Davenport, a former president of the association, stated that in a conference held with Mr. Gilkey five years ago it was brought out that the companies were appointing contractors or the employees of contractors as agents, in this way paying the commission on the business either directly or indirectly to the contractor and depriving the agents even of the chance of rebating the commission to the contractor. Several others followed Mr. Hynes, substantiating what he had said, and finally Robert M. Evans of Des Moines, an ex-president of the association, took the floor and interrogated Mr. Gilkey at some length.

Mr. Evans asked if there is any difference between an agent rebating or a stenographer or employee in a contractor's office rebating. He insisted that the companies have brought on the conditions that are now so notoriously bad in Iowa. He stated that this situation

did not prevail before the general introduction of the branch office system, which carries with it the employment of special agents equipped with power of attorney. Mr. Evans said that conditions had been getting worse and worse and that there has yet been no sign that the companies have so much as lifted a finger to prevent the situation becoming even worse than it is, "yet," Mr. Evans concluded, "that is possible."

## Iowa Said to Be Among the Worst

Mr. Gilkey said that so far as he knew this state of affairs is more pronounced in Iowa than in any other state of the Union or possibly all of the rest of the states put together. He went on record as being opposed to the practice personally. Mr. Evans, who wanted to unfold the entire picture, not only to Mr. Gilkey but to the audience as a whole, said that not only have no licenses of employees of contractors been cancelled by surety companies during the past five years, but that in fact the number of secretaries licensed has increased.

Mr. Evans then made it plain by a series of questions put to both Mr. Gilkey and to others in the room that the representative local agents of the state have virtually lost all of their contract bond business, even though all of them admitted frankly that they were rebating. When Mr. Evans asked that all agents in the room who were rebating raise their hands, virtually every man in the audience indicated that he was rebating on contract bond business.

Mr. Evans then developed the point that in spite of the fact that all of the agents in the state are rebating, they have nevertheless lost the business, which seems to have gone to the em-

ployes of contracting companies. Mr. Evans said that the companies could straighten out the entire problem in ninety days by simply refusing to license or receive business from any but regular local agents, and in a later session as chairman of the resolutions committee, Mr. Evans had passed the resolution providing for the drawing up by the association of an anti-rebate law, an agent's qualification law and an anti-discrimination law. The Iowa association took this way of showing the surety



**ROBERT M. EVANS, Des Moines**

companies that unless they would clean up the surety conditions in Iowa, the Iowa association intends to enact legislation that will do it.

## LIVELY CONVENTION

### WAS HELD IN WATERLOO (CONT'D FROM PRECEDING PAGE)

man of the Casualty Information Clearing House of Chicago spoke on "Mutuals and Reciprocity." The morning session was then adjourned and a luncheon in honor of L. J. Dunbar, field worker of the National association, was held. Mr. Dunbar has recently been getting new members for the Iowa agents, and the officers of the various local boards discussed the membership possibilities with him at the luncheon.

## Fire Prevention Was Subject of Discussion

Claude W. Borrett, Iowa state agent of the Hanover, was the first speaker at the Wednesday afternoon session. Mr. Borrett told how to organize fire prevention campaigns locally, and explained how the Iowa State Fire Prevention Association is ready to help. John Hynes of Davenport said that in his city the best cooperation in fire prevention work has been obtained with the school children. Short entertainment programs not exceeding ten minutes have been put on in the various schools to Davenport with great success.

J. A. Tracy, ex-fire marshal of Iowa, said that three-fifths of the fires in Iowa occur in the homes and that there is great need of fire prevention education among housewives.

O. J. Davis, Iowa state agent of the Home, told of the value of instruction work and fire prevention education, stating that each year 800 women and girls in the United States lose their lives because of cleaning wearing apparel with gasoline.

Ray Yenter, insurance commissioner of Iowa, delivered an address entitled "What Every Agent Should Know." He was followed by R. R. Gilkey, secretary of the Surety Association of America.

Mr. Gilkey discussed surety problems, and following his talk there was a long discussion of the unsatisfactory surety conditions in Iowa, which occupied the remainder of the afternoon. At the adjournment of the business sessions there was a golf tournament with prizes at the Sunnyside Country Club, and for the ladies a bridge party in the hotel, and in the evening a theatre party. The annual banquet was held on Wednesday evening with President Vaughan in charge.

The breakfast conference scheduled for 7:30 Thursday morning was abandoned because of the heat. The regular business program began with a symposium on "The Eternal Triangle in Insurance." Hermann Miller, secretary and manager of the Iowa Fire of Waterloo, spoke on "The Company." W. H. Harrison, Iowa state agent of the National of Hartford, discussed "The Field Man" and J. J. Shepard, Cedar Rapids local agent, spoke on "The Local Agent."

At this point L. L. Bladen, representing the Cedar Falls Commercial Club, invited the convention to Cedar Falls, which is only seven miles from Waterloo, for next year's convention and C. B.

Santee, Cedar Falls local agent, extended the invitation on behalf of the local agents. J. A. Giberson of Alton, Ill., spoke as a special representative of the National Association of Insurance Agents, having as his subject, "The National Association." At the afternoon session on the final day Frank M. Chandler, western supervisor of the New York Indemnity, and the founder of "Indiana Insurance Day," told how the insurance day was organized and made successful in Indiana and suggested that a similar movement be inaugurated in Iowa. The reports of Guy W. Andrews of Sioux City, chairman of the committee on nominations and location of next year's meeting and Robert M. Evans of Des Moines, chairman of the resolutions committee were next offered and approved.

## Select Same Neighborhood

Cedar Falls, which captured the 1928 meeting of the association, is only seven miles from Waterloo, and it will consequently be almost like coming back to Waterloo when next year's convention is held.

## RESOLUTIONS ADOPTED

Be it resolved, that the Iowa Association of Insurance Agents, now assembled, request that the incoming president appoint a committee to carry on negotiations with the Surety Association of America in an attempt to correct the evils now existing in this field, said committee's powers to be limited by the provisions of the constitution and by-laws of the state association.

Be it resolved, that the legislative committee be charged with the responsibility of preparing and presenting to the next state association meeting the following bills: an anti-rebate law similar to that now contained in the life section of the insurance laws of Iowa; an anti-discrimination law, and an agents' qualification law.

## The Laterals of the Insurance Triangle

By W. H. HARRISON

Iowa State Agent, National of Hartford

**E**ACH lateral of this insurance triangle of company, field man and agent has its own function to perform entirely independent of the others, but all are necessary to the successful operation of the insurance business. Briefly, I would say the qualifications of each of these branches should be about as follows:

## Qualifications of Company Are Enumerated

First—The company. It must be large enough to guard against any unusual catastrophe and certainly large enough to accommodate its own underwriting policy. It must be manned by experienced executives, rather than job seekers or stock salesmen. It must adjust its claims promptly and with equal fairness to the individual claimant, and to the policyholders as a whole who bear the entire burden of over-paid, unjust and fraudulent claims. It should live up to all of the established rules of good practice, and, above all, be thoroughly familiar with the rule of reason. It must solicit enough explanatory information from the agent to intelligently underwrite the risk, and yet, not be critical or technical. Its department heads should be thoroughly schooled in the up-to-the-minute demand of the business and be able to answer your inquiries intelligently and promptly. In fact, promptness should be the watchword of every company, and in every department—and last on the list, but perhaps first in importance, would contemplate the appointment only

(CONTINUED ON PAGE 12)



# Agents Must Be Right and Go Ahead

By J. R. VAUGHAN

President of the Iowa Association

THE swift procession of years has passed so peacefully on that we can scarcely realize that today we are celebrating our 21st anniversary as a state association. It would be very interesting indeed to review the history of this organization, to go back over the trail of the past, to recount the battles fought and the victories won, indicative of the early struggles of those who wrought so nobly and so unselfishly during the early history of this association. If we had in our possession the names of those pioneer workers and a record of their activities, we could not do better than pause, in the proceedings of this convention, to do them honor. A great and sacred trust has been committed to our watch-care, a trust to which our forebears have ever been loyal and painstakingly faithful. The aims, the object and the principles of this association, state and national, are of such a nature as to command our utmost respect and unyielding loyalty.

We are the inheritors of a noble and inspiring tradition. The accomplishments of the association are indeed noteworthy and we could occupy the entire time of this convention in an interesting review of those achievements, but I take it that any one sufficiently interested to come to this convention has without doubt kept fairly well posted by reading the fine reports as given in our splendid insurance papers. Therefore I shall confine myself to the consideration of present day problems, as related to present day activities and as they forecast future results.

## Competition Among Companies Bodes Ill for Local Agent

As straws show which way the winds blow, so recent developments in the field of insurance forecast stormy seas for those embarked in the local insurance business. Coming events cast their shadows before, so the signs of the times indicate some radical changes, which will in no wise be for the benefit or the profit of the local agent. I am no alarmist, and have no desire to unnecessarily disturb you; neither do I want to cry, "Peace, peace, when there is no peace." There is much evident unrest among the great fire companies in the terrific struggle for supremacy in operation. What this will eventually lead to is hard to tell. It is a matter worth our consideration, and the consideration of the insurance commissioner as well. The activity of some of the large brokers in buying up local agencies in some of our larger cities is an indication of what might become

general. The activity of non-admitted companies in this and other states indicates a rather bolshevistic tendency, to say the least. In the branch office plan now being pursued by some of the companies we have occasion for great alarm.

## Agency System Must Prove Its Superiority

If we attempt to peer into the future, to forecast coming events, we must take full cognizance of that which now is. There are some agents who act as though the companies exist merely for our economic gain, rather than from the basis that because the companies exist, we are. We should never forget that we are as tenants at will and not wards of the companies we represent. If the fire insurance companies know of any better way to market their product, the American agency system would last only ad interim; and who would dare say them nay? The American agency system has no right to continue to function at an economic loss. Therefore the only hope and the only right for the perpetual succession of the agency system is for us to make ourselves indispensable. There are only a very few of the fire companies which can show an underwriting profit, and the balance depend on the income from investments to offset loss in operation. This is an unsound basis on which to do business and is a reflection on the agency system as well as on the companies themselves.

## Advance in Rates Is Not Solution to Problem

I am not suggesting an advance in rates, not by any means. Increasing rates will not meet the emergency. The need of the hour is more care in underwriting. The abnormal greed for quantity production is blinding our eyes as to the quality of business written. If the local agents are sinners in this respect, and they are, the fire companies are doubly so. As we look into the tomorrow of our new association year, I would like to suggest for the consideration of Iowa agents two worth-while goals: Reduction of acquisition cost in the state and lowering of the loss ratio by stressing fire prevention in every town and hamlet and possibly extend to the farm risks as well. I need not enlarge on either of these. You know those things should be done and you know how they can be done. Suppose

we put Iowa on the insurance map in a different light, by striving to reach both of these goals. If 85 percent, 50 percent, or even 25 percent of fires are preventable, why in the name of high heaven do we, as civilized human beings, allow such a state of affairs to exist? The destiny of the agency system is in the hands of the local agents themselves. Could we ask for more? We have this encouraging feature. There are 202 of the fire companies which have expressed their faith in the agency system. To these companies we naturally look for assistance in weathering the storms that seem to be threatening our peaceful pursuit of happiness. To the companies which have signed the conference agreement, and which are operating in accordance with the principle to which they have subscribed, we owe our unflinching loyalty. And to the few companies which still want to be shown, we must say that we are sorry to part company.

## Casualty and Surety Lines Need More Attention

I suppose we have reason to be thankful that things are no worse, if such a condition could exist. The disquietude, caused from fool practices, is not confined to the local agencies alone. The higher-ups are certainly having their troubled dreams, if they have not already reached the stage of nightmare. The great question now is, what can be done to inculcate horse sense and right principles in the conduct of business in the casualty and surety lines? Possibly the watchful waiting attitude is about the only thing we local agents can do, except that we can and should pledge ourselves to cooperate in any well ordered system which will bear the earmarks of sincerity. I desire further to state officially that if, in order to compel our members to collect the full premium on bonds and to retain all of it except the amount due the carrying company, it is found expedient to cancel their licenses or send them to the pen, we will here and now cheerfully agree to refund, prorata, any portion of unearned dues and withdraw the hand of fellowship.

## Must Practice Ethics Rather Than Preach

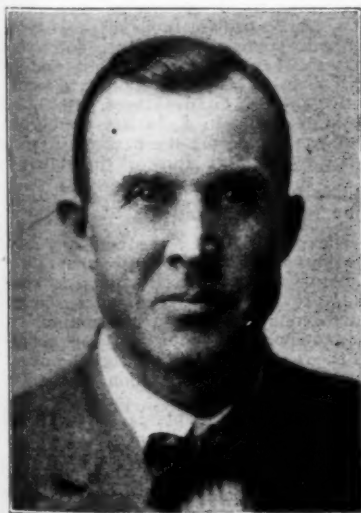
I have no time for the "double standard" in business, no more than for that monstrosity in the social fabric of society. Are we going to elocute long and loud on the support of right prin-

ciples, for our competitors, and then indulge in bad practices in the conduct of our own agencies? Are we going to demand from the companies we represent anything and everything that is to our fair or unfair advantage, and then in return simply stay within the law and occasionally take some chances with a judge or jury? If we demand ethics for ourselves, we must, if consistent, exercise that same charity in our transactions with our competitors and the companies we represent. This matter of consistent living and ethical practices in insurance circles applies to the companies as well as to the local agents, and is just as binding and far reaching on one class as the other. We wish we could all see alike in the matter of the American agency system. But we can't, and there are certain companies which, as a matter of choice, disregard the principles of the system. Is it not inconsistent and undesirable for any member of this association or any local insurance agent to continue to represent any company when the practice of such company is intentionally and continuously in direct violation of the principles of the American agency system? If any company in your agency appears to be in violation of any of the principles of our association, it would seem to be your sacred duty as well as your personal privilege to take immediate steps to be consistent with your own interests. Be sure you are right and then go ahead.

## Cooperation Is Secret of All Great Achievements

To the local agent belongs the local underwriting. Overhead writing is a breach of trust, the unpardonable sin. Cooperation is the secret of every great achievement; it is the law of trade and the life of profits; it is all inclusive, embracing every person and every element, associated with a given task. Therefore, it goes without saying that in order to have a successful agency there must be full and complete cooperation. The spirit of cooperation in underwriting must integrate from top to bottom and from bottom to top. All agents are naturally anxious to increase the volume of agency business. This intense anxiety for volume conspires to make it very difficult to be just as concerned about the quality as the quantity of business written. The true measure of agency success is not its income but its output. The company side must have ample consideration. In accepting an appointment as agent we should ever be mindful of the relationship established. The great institution

(CONTINUED ON PAGE 12)



P. J. CLANCY, Des Moines



MILO R. WHIPPLE, Cedar Rapids



E. H. MULOCK, Des Moines



L. BENEDICT, Cedar Rapids



# Importance of Worthy Representation

By **RAY YENTER**  
Commissioner of Insurance of Iowa

THERE is no business known to modern society which necessitates so great a degree of responsibility and trust on the part of those charged with its administration and execution as the business of insurance. It goes to and directly affects the business dealings, the very livelihood and life of the most lowly as well as the highest. Without it the small business could not exist as we know it, nor could the large enterprise serve the public, make its guarantees, or maintain itself as it is known today. In considering its most obvious phase, that of furnishing indemnity, the service of insurance must be viewed from various angles which grow more numerous and complex as business grows in size and scope. Referring to fire insurance, however it is defined, basically it amounts to collecting form many to pay the stipulated losses of the few who suffer. It has been compared by able writers to a nation collecting taxes and in return rendering protection and service to its citizenry. Fire companies have a total risk in the United

in administrative matters, but when the statute lays down the rule or touches upon the phase in question it must be followed.

It is evident that without competent and energetic agents and agencies the companies could not exist as we know them today. The connecting link between the administrative and executive officials, the companies themselves, and the insured, the public, is, of course, the agent. It is he who in a large measure, almost exclusively so, deals with the public, sells them the insurance idea, by his methods and dealings creates the insurance ideal, or lack of it, works out their coverages, advises and sells that service which best protects and serves the individual case, or fails to properly serve his client. He, to a large degree, adjusts their losses, advises what their rights are, what they have a right to expect, explains why unreasonable demands are unreasonable and unfair, in fact is as the term implies, the agent of insurance, informed and advised, and able and willing to inform and advise his clientele or simply masquerading and not living up to his obligations.

## Selection of Agent Should Be Serious Matter

The selection of an agent should be a serious matter to the company and its field men, special agents, department managers, or whoever is charged by the company with the responsibility of procuring the agency force. Responsibility for an agent and his activities does not cease, but begins when the company commissions an individual to represent it. It is my belief that more careful selection of agents by companies and their representatives, more schools of instruction conducted by competent instructors would do much to solve many of the serious problems now confronting the agent. If an agent does not pay his balances to one company, why should another assume that he will play fair with it? If he deals unfairly with the public or his fellow agent as a representative of one company, why should another assume that he will deal fairly as its representative?

## SEEK TO CURB EVILS OF AGENCY BUSINESS (CONTINUED FROM PAGE 1)

do not seem to be disposed to do anything about it. All of the agents who spoke on this question asserted that this situation has been going from bad to worse for the past several years, and that in spite of the fact that it is notorious, there seems to be no disposition on the part of the companies to improve it.

As a consequence, at the Waterloo meeting the Iowa association charged its new legislative committee with the responsibility of drawing up an anti-rebate law, an anti-discrimination law and an agent's qualification law on the theory that if nothing else can be done to restore normal conditions in the surety field, the practice of such legislation might effect a cure. In other years, the Iowa association has attempted to get through an agent's qualification law, but has never been successful. The association now quite evidently has as its major purpose the determination to clean up surety conditions in Iowa.

The Iowa association has not, during the past several years, been making very much progress so far as an increase in membership is concerned. To date it has approximately 200 members. J. R. Vaughan, who has served during

There has been much argument as to whether or not insurance is a profession. It is if you make it one. The business of selling insurance, the protection, or indemnity of a clientele has so grown and become so intricate that it may well qualify as a profession, a business involving a liberal education and special knowledge of the particular business. A profession contemplates that you are steeped in the principles and expert in the practice of your business. It assumes that you perform a service which cannot be wholly commercialized. It means that you are interested in the thing itself beyond the returns it brings you. It assumes that the interests of your client come first, your own afterward. There are many agents who practice insurance as a profession. They are the men who establish it in the public confidence. The real agent is not a mere salesman. He is a constructive part of the business. He puts his knowledge and service into the article he sells. He creates the market he supplies by selling first the idea then the article. He opens new fields and makes insurance take root where it never grew before. He educates his community to high standards of quality, supplants imitation by the real thing, keeps his clients satisfied and builds an enviable reputation not only for himself and his company, but for the great institution of insurance itself.

## Rebating and Discrimination Should Be Controlled by Law

One of the evils frequently complained of today is that of rebating. The general assembly of Iowa in 1915 passed an anti-rebate statute. That there was considerable dissatisfaction with the law as laid down in the chapter is evidenced by the fact that two years later the assembly very promptly repealed the entire chapter, of course thereby repealing the anti-rebate section. While I am not an advocate of anti this and anti that laws, it is my opinion that the enactment and enforcement of a reasonable anti-rebate, coupled possibly with an anti-discrimination statute, or perhaps a statute combining some of the features of both would do much to cure most of the evils of the agency business

which exist today. Companies and agents greedy for business looking to volume rather than selection of business make rebates and concessions of various types and degree. It seems to me elementary that insurance should be written for actual cost based upon proper selection and proper canvass plus a reasonable profit.

Agents' qualification laws have received considerable attention during the past few years. Whatever the merits, or otherwise, of agency selection under state qualification laws, it is plain duty to the public that agents appointed are of good character, fundamentally honest, with ordinary good judgment and having knowledge of the principles and details of the business sufficient to render the interests of the company and client safe in his hands. If none but agents of this type were appointed, I cannot believe that a particular demand for such laws would exist. I believe the agency system as a whole is the practical and feasible plan for handling the insurance business in this country. A qualification

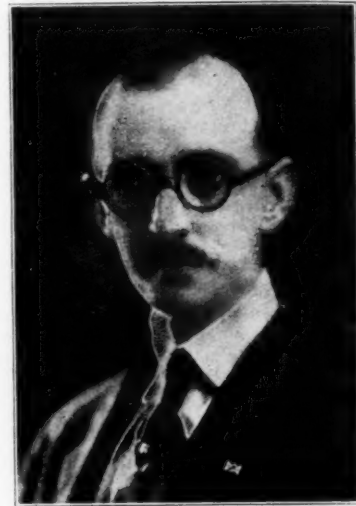


**RAY YENTER**  
Iowa Insurance Commissioner

States of approximately \$300,000,000,000 and collect approximately \$1,000,000,000 annually. The actual indemnity is approximately \$500,000,000 per year. In addition to all of this, insurance is a tremendous stabilizing power in the field of modern business. Imagine, if you can, the chaos which would exist if American business and industry were deprived of the service of insurance. Fire prevention and many other phases of activity are sort of by-products of inestimable value to the public.

## All Companies Are Not Equally Reliable

There are 382 fire and casualty companies licensed to transact the business of insurance in Iowa at this time. It is very erroneously thought by many people, even so stated and argued by some agents that all are equally reliable and equally able to meet their obligations. Frequent inquiry is made of the insurance department as to how much money such and such a company has on deposit to cover losses. Occasionally some lawyer attempts to attach or otherwise impound the funds of some company, perhaps a non-resident company which makes no deposit with the Iowa department. When a company meets the statutory requirements and complies with the regulations of statute as to securing admission, the department has no choice in the matter but must license. It is true that the department has a certain amount of discretionary power



**JAMES M. DEMPSEY**, Des Moines  
Northwestern Manager, National Underwriter

law to accomplish the result desired and expected necessarily must be broad and far-reaching, and provide rather drastic penalties for its violation. In fact, experience has shown that to accomplish the desired result almost necessitates a law interfering with the ordinary channels of trade and commerce. After all, the agents throughout the state are the ones who should determine the necessity for a qualification law. If you, through your organizations, determine that the benefits to the public and to yourselves of a qualification law would outweigh its disadvantages, that the business needs it, I do not doubt but that you can secure the passage of such a law by the legislature of the state.

## Public Judges Business by Its Representatives

The public judges the company and the business as a whole by the representative with whom it comes in contact. If the agent is above suspicion and beyond reproach in his community, the company or companies he represents are so regarded. If, on the other hand, he has the reputation of indulging in sharp or unfair practices, the company he represents is so regarded. Unfortunately the influence of the bad or poor agent is even more far-reaching; his activities influence public opinion and sentiment not only in connection with his own company, but reflect discredit upon the entire business.

the past year as president, was re-elected as were the other officers, John J. Petty of Des Moines, vice-president, and Joseph R. Anderson of Cedar Rapids, secretary-treasurer. Mr. Vaughan who has taken his position as president seriously, and who has labored in season and out to improve the position of the Iowa association, has the admiration of the members of the organization, and it was felt that some real strides may be made by the association this year with Mr. Vaughan still at the head of the organization. It is not customary for the Iowa association to reelect officers, but with the need of membership gain and the handling of important problems by officers who are familiar with them, it was deemed advisable to re-elect the old administration.

It was remarked upon by several that no company official from the home office or western department of any fire, life or casualty company was present at the Waterloo meeting with the exception of Hermann Miller whose company, the Iowa Fire, has its home office in Waterloo. There were something over 200 in attendance. About 180 registered and it was estimated by President Vaughan that more than 50 attended without registering and thus gained the benefits of the convention but did not pay the \$3.00 registration fee.



## Legislative Report for the Past Year

BY P. J. CLANCY

Chairman, Legislative Committee

THE legislative committee does not have a very extended report to make because of the fact that the legislature which convened since our last meeting, made few, except minor, changes affecting the present statutes, and those that were made were principally ones that pertain to the companies themselves and more particularly to life insurance companies.

Prior to, and during the session of the legislature, proposed legislation was talked about which would materially affect the situation, such as the compulsory automobile liability law, but these did not develop and nothing further was done along this line.

### No Radical Bills

We must consider ourselves fortunate that no radical legislation was offered nor radical changes made. If the time was not opportune to secure legislation which would not only be beneficial to us but purchasers of insurance as well, then it was better that the present law be not disturbed. It goes without saying that many changes could be recommended, by reason of which the buyer of insurance would benefit. We are confronted with many difficult problems in our business, and if the public understood that they would benefit by proper regulation, we would have no difficulty in securing legislation that would bring about changed conditions.

### Seek Anti-rebate Law

We are still strong for an anti-rebating and anti-discriminating law, such as we did have on the books and which has been repealed, because it did more for the short time it was in force, to cure the ills that we had before and we are still facing, and more benefit from this law was derived by the public than any other piece of legislation that was put on the statute books of Iowa affecting insurance, and even though that was repealed, its beneficial effects during the short time it was in existence are still felt.

We are also of the opinion that the laws of the state should not discriminate in favor of any company or any class of companies. We feel the public is entitled to the very best of protection at all times from all classes of companies operating, whether it be stock, mutual or reciprocal and the statutes should give the commissioner of insurance power to satisfy himself that a company is carrying ample reserves and doing business in such a manner that the interests of its policyholders are not jeopardized, because when it is all said and done a comparative few of the multitude that buy insurance inquire into these matters themselves, relying on the statements of others.

Insurance is so vital and being the basis for credit, has become such a great part of business generally, there is no reason why it should not be always subject to the closest scrutiny on the part of the proper officers of the state, and they should be clothed with authority sufficient to demand that the interests of the public would be protected at all times.

## Committees Appointed

At the opening session, President J. R. Vaughan named the subjoined committees to serve during the convention:

Nominations and Location of Next Meeting—Guy W. Andrews, Sioux City (chairman); Milo R. Whiffle, Cedar Rapids; T. Grant Janney, Oskaloosa; John J. Petty, Des Moines, and Henri Paul, Cedar Falls.

Resolutions—Robert M. Evans, Des Moines (chairman); John Hynes, Davenport; Howard Knesel, Mason City; Fred W. Colvin, Sioux City, and Walter J. Fluent, Charles City.

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# National Association Work Reviewed

**A**N interesting message was brought to the Iowa association at its annual convention in Waterloo for the National Association of Insurance Agents by Chairman J. A. Giberson of its finance committee, prominent local agent at Alton, Ill., and past president of the Illinois association.

## Discusses Many Important Questions

Mr. Giberson has for some years been in close touch with all the activities of the National association and of its executive committee. Among the subjects he discussed were recent branch office tendencies, automobile club interference with insurance and the plan of the National association to combat it, compulsory automobile liability legislation, the work for efficiency of the national better business methods committee, public relations—especially with reference to the joint economic publicity campaign developed by the National association for the membership, and other topics. He reviewed briefly the developments in Eastern Underwriters association territory, which resulted in the granting by that organization of a special concession to the Travelers Fire or the non-policy-writing agents connected with branch offices of the Travelers organization.

## Points to Menace of Branch Offices

"It is the duty," he pointed out, "of the Executive Committee of the E. U. A., which brought this situation about, to remedy it in justice to local agents." He then passed to the recent arrangements entered into between the Fidelity & Casualty and the America Fore group and the Home and the Maryland Cas-

ualty. He admitted that great advantage came to an agent when his companies furnished him with complete automobile cover in one policy. "However," he continued, "we cannot but be fearful that this may ultimately lead to branch offices in the fire insurance business."

## Automobile Has Created Many Problems

His next topic logically was problems connected with the automobile, namely, club activity in insurance and compulsory liability legislation. On these points he said, "It is the automobile which has brought about this last

danger to the American Agency System because of the division of writing between fire and casualty companies. But the automobile has also been a vehicle of other difficulties for the local agent. For some years now a few automobile clubs have been tied up with assessment forms of insurance. Notable cases are the automobile clubs of southern California, Chicago, Detroit and Missouri. As agents, we know that insurance is not a legitimate activity of automobile clubs, and we insist that these organizations restrict themselves to their proper functions, which are well defined.

## Work Out Plan to Meet Auto Clubs

"The problem is a serious one for local agents and was given careful study by the executive committee of the National association at its last meeting held in Atlanta in August. As a result, a definite plan has been formulated, which we believe will provide a complete answer to this troublesome form of competition. Details of the plan cannot now be announced, but in its working out we shall require the assistance of the state associations. Accordingly, the national executive committee has recommended that each state association form an automobile committee to watch all matters in the state connected with automobile clubs in their relationship to insurance. We expect, in fact we must have, wholehearted cooperation from our state units, in order to make our plan a success.

## Also to Combat Compulsory Legislation

"These automobile committees will be of material assistance to us also when

compulsory automobile liability legislation again lifts its head. We are more interested in preventing injuries and deaths from avoidable automobile accidents than we are in attempting to compensate for such casualties after they have happened. We maintain that there can be no such compensation, and that compulsory automobile insurance is not even a half remedy for the real evil involved in the matter. Fortunately, and due largely to the activities of organized agents, it was possible during the present year to convince the state legislatures that our position is correct. But we cannot relax our vigilance."

## Public Relations of Prime Importance

"Automobile problems?" Mr. Giberson continued, "require us to appeal to the public or to think about public relations, as is being done by all industries at present." He showed that the agents had stolen a march on the companies, who are also interested in cultivating public relations by their work in conjunction with chambers of commerce, in fire prevention, educational and legislative activity. This work is now being extended by the committee on public relations and education. On this point he remarked:

## New Developing Nation-wide System

"Hand in hand with this work goes that of a committee which has taken over the definite duty of educating the public on insurance and enlisting its help with respect to legislation. It is known as the committee on public relations and education. It is now appointing key men all over the country, who

(CONTINUED ON PAGE 10)



J. A. GIBERSON, Alton, Ill.  
Chairman Finance Committee, National Association

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Vice-President:  
Harry F. Pratt  
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## Sioux City Iowa

Executive Committee:  
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Eells Agency, The	329 Davidson Bldg.
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# What Is the Matter With Iowa?

By GUY W. ANDREWS

Former President of the Iowa Association

SEVERAL weeks ago, Mr. Vaughan requested that I name a subject which I thought would be of interest to this association. I suggested the subject of—"WHAT IS THE MATTER WITH IOWA?"

This must have aroused a great deal of interest on the part of your president as he wrote me a week or ten days later, which would be about the right time to find a good speaker to handle this subject, and requested that I make the explanation. I have tried ever since to find someone to wish it on to and cannot find a soul who will admit that there is "anything wrong with Iowa."

I presume that each one approached on this matter expected that the subject related to crop conditions and financial conditions. I dare say that it did not occur to any one of them that, as it was to be given at an insurance agents' convention, it could relate to conditions of this association.

## Cites Lack of Interest of Many

It is a shame—the lack of interest shown by the agents of this state in this association's work and endeavors. It will be of no use to take out on you my feeling, as you have had enough interest in the association to be present today.

There are members in this association who spend their time and money (and I don't mean paying their dues) for the interest of this association. Although a very small percentage of the membership know, or need to know, of these efforts. For an object once obtained is taken for granted by all those receiving benefits.

It takes time to secure results in our

own business and it takes longer to secure results when this association is called upon to render a service for a member, or a group of members. The company have their associations and committees to which matters may be, or have to be, referred.

These committees are hard to get together, but, as a rule, when a matter coming from a state association, through the National association, is once

heard, and the agents' side presented, it is not long until we hear something from it, through THE NATIONAL UNDERWRITER, or through instructions received direct from the companies which we have the honor to represent.

## Brought Forth Results In Bond Situation

Nearly three years ago, Mr. Evans, of Des Moines, and myself, presented

facts, figures, and proof, to a group of company representatives on the conditions pertaining to contract bonds in this state. You all know that it was the habit of companies to rush in where a contract was to be let and appoint an agent, who could control the business; it later became the practice to appoint the contractor himself; and still later they overlooked the expense of appointment and just paid him the commission. What was the difference to them? The net premium was the same and anyway "Their local agent couldn't get the line." Now remember, it was three years ago that these facts were given to these company representatives, and about 60 days ago, out comes the rule that a statement must accompany an application for a contract bond, to be signed by the producing agent, stating that he had charged the correct rate of premium, and that it had been paid for at that rate.

I don't know that our conference had anything whatever to do with that rule but I am taking part of the credit for this association for putting the bug in their ear as to how this trouble could be curbed.

## Case in Point In Own Home City

The agents in my own city recently had a matter come up out of a clear and peaceful sky that looked very, very bad. I am ashamed to say it, but few of the agents there have taken the time to attend many state association meetings and I know of not one that has ever attended a National association meeting.

They started writing to their companies, each trying to handle it in their



GUY W. ANDREWS, Sioux City, Ia.



L. E. STUBBS, Cedar Rapids

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own way, but without results. The president of our local association requested that I take it up with this association, which was done, and by your president, Mr. Vaughan, with the National association.

I am glad to advise you that the matter is now a closed book.

I have called on agents during the past year, in northwestern Iowa, and some of them were surprised that there was an association of insurance agents; but do you suppose I could get them to join?

No, the conditions which I told them of and which had been handled by the National association, would never happen to them.

In 1923, at which time the separation movement was on, more agents found out about the Iowa association than ever before. (They had something they wanted the association to do for them.)

During that time agents wrote and asked for membership, sending their checks for dues with the letter.

### Attitude of Some Shown by Example

I remember one agent in a town not far from Waterloo who sent his check for \$7.50 and the third day thereafter filed complaint against a certain company in his office. The officers of the association had considerable correspondence with him and with the company and at last sent a member of the executive committee to call on this agent and to call upon the company itself. The association then advised the agent that he was in the wrong and the company was within its rights.

What do you think happened? Mr. Agent demanded the \$7.50 returned to him.

What do you think happened then? The association kept the \$7.50.

What do you think happened then? The bank went broke and the association lost the \$7.50—that is, if they had it in the bank, after sending several letters, paying railroad fare for nearly a hundred miles and sending the per capita of \$5.00 to the National association for the protection of this member's future rights.

### All Can Profit By Boosting State Association

I believe that the agents can do more for this association, the National association, and themselves, by talking state association to their competitors and by living the doctrines of the association in their every day business, their dealings with the companies in not binding the company on risks which they, themselves, would not be willing to recommend.

The agency which has followed that course in the past, I do not believe is having trouble in getting its offerings carried at the present time.

The companies cannot be blamed for declining business offered them from a section of the country which has had the cheap advertising that we have in relation to our financial condition. Losses appearing regularly from an agent in a section which has had its financial credit torn down through over-lending during and following the war, reflect on the whole section, or state, as a general condition, as to fire conditions.

### Agents' Underwriting Can Stabilize Business

Risks that are properly underwritten at their source by agents who expect to stay in the business will not cause the impression to go out to companies, and to fleets of companies, that this town, or that city, is "hot."

In our agency, we had taken in a company as sole agents and they were receiving about \$5,000 per year in premiums, of which 82 percent was preferred business, and 70 percent of the balance was sprinklered business. In our office, they had had not to exceed \$300 in small roof losses in the past year, but through the experience of other companies in the fleet, they cancelled out of every agency representing

any of the members in the fleet. That hurts, fellows, and not only the agent directly affected, but every other company, which thinks its loss ratio is too high, is going to start cancelling out on certain risks for fear that the companies that did pull out had the right hunch on that town, or that city.

### Iowa Is Fundamentally the Same Old Iowa

Iowa, as a state, is the same old state as before the war, "Where the tall corn grows," and where money invested can be properly secured. During a certain period, not long past, money was offered at a rate of interest, and in amounts, that was bound to start a land boom. For instance, a farm worth \$150 per acre, had a mortgage of \$50 per acre on it, would be sold for \$250 and \$50 taken back in the form of a second mortgage; and a third mortgage of \$50 taken back and held by the vendor.

The second mortgage would be sold to the local bank, while the third would be traded on another piece of land. The first farm did not produce a bushel more of grain, nor another head of stock than it did when it was worth \$150, with one-third against it. When the price of the farm product went down, the third mortgage could not be paid, and the original owner had to buy the land back to protect himself, and then he had land worth \$150 with \$100 an acre against it and \$50 more per acre invested, or \$200 per acre. He may have had his other land mortgaged and you can see why he stopped buying merchandise and machinery which he could do without. That left the merchant with a stock on hand which he is now cleaning out, unless he had excess insurance coverage, and was morally weak. In that case he cleaned out his stock long ago and left town, and possibly the company carrying his insurance has left also.

There isn't a darn thing the matter with Iowa, as a state, or as the Iowa Association of Insurance Agents—but ourselves.

### NATIONAL ASSOCIATION WORK IS REVIEWED (CONTINUED FROM PAGE 8)

will be selected for their knowledge of insurance and charged with the duty of interpreting it whenever necessary, particularly when rates are made or changed, so that the public and the newspapers will not be able to misrepresent our great business in the future, as in the past, to our great detriment. After all, if our service to the public is all that it should be and if we make it more valuable as new lines of cover are introduced, that is the real answer to branch offices and other developments in the business. The public will come to us for the service that only we can render, as it is provided through the American agency system."

### Agency Efficiency Is of Great Importance

It followed logically, according to Mr. Giberson that an agency conduct itself efficiently in order to devote its time to complete public service, particularly by keeping abreast of developments of new lines of business. He warned agents that it will be necessary for them to push new lines vigorously, especially in casualty and surety business, if they do not desire to see specialty departments of the companies handle these lines when agents refuse to consider them. Such service, of course, requires a qualified agent. At this point Mr. Giberson noted the advance which has been made recently along qualification lines in Alabama, Massachusetts and Pennsylvania. He quoted from a statement issued recently by the Pennsylvania department in connection with the new questionnaire which it will require of new applicants for licenses.

In closing, Mr. Giberson appealed to his hearers to attend the convention of the National association in force, because all the important questions on which he had touched were to come up for discussion at that meeting.



# Executive Committee Report Urges Qualification Action

By **MILO R. WHIPPLE**

Chairman, Executive Committee

At the convention held in Des Moines in 1925 a resolution was passed instructing the executive committee to adopt the recommendations of the Savannah convention of the national association and to amend the constitution and by-laws of the Iowa association to conform therewith, the sense of the resolution being "that it is inconsistent and undesirable for any member of this association to represent any company when, in the judgment of the national executive committee, the practice of such company is intentionally and continuously in violation of our principles."

The foregoing instructions were not complied with until the first meeting of the executive committee this past year, at which time the constitution and by-laws of the Iowa association were made to conform therewith.

## To Enforce Rule on Clearing Agencies

At the committee meeting in Des Moines on Jan. 27, 1927 much consideration was given as to proper procedure in dealing with such of our members who at that time were representing any of the offending companies. It was decided that it would be unfair to take any radical action during the current year on any of the old memberships but that any new members taken in would have to qualify in this respect and that all new or old members after this present year would either have to clear his agency or terminate his membership in this association. Your chairman has always felt that any hasty action in this connection was not advisable but the time has now arrived when definite action must be taken and it is therefore suggested that if, by chance or lack of understanding, there are any members present who have paid their dues for the ensuing year and who now represent any of the companies referred to and who have not been previously advised of the attitude of this association on the subject, that they take up the matter with the secretary personally sometime during this convention and indicate to him their choice in the matter, either by resigning the company or the association. In the latter event it is suggested that advance dues paid be refunded.

## Qualification Measure Is Now Chief Problem

Your executive committee has been working upon another problem of much importance for the past several years and which has not yet, due to circumstances, been successfully concluded. The subject is one that your chairman has been much interested in and about which you have heard from him from time to time, namely, the establishment through the office of the insurance commissioner of Iowa of a practice very much akin to an agent's qualification act and an anti-rebate law combined. Some years ago the supreme court de-

fined quite specifically the powers of the office of the insurance commissioner in the case of Noble vs. English. These powers were much more general and much more workable than could possibly be granted by statute and in effect were limited only by best public interest. Much time was spent with Commissioner Kendrick to advance such departmental rulings as to agent's qualifications, procedure to become licensed and general practice that would benefit the public and business alike and cure some of the deplorable practices, such as the indiscriminate appointment of agents and the prevalent practice of rebating.

## Suggested Program Had Been Outlined

It was suggested that every new applicant for license be required to answer a complete questionnaire; that such questionnaire be completed by the applicant without assistance and sent by the state agent making the appointment to the home office and then through the company to the commissioner with formal request for license. That this questionnaire be drawn to conform with departmental rulings as to eligibility and practice which would be promulgated in advance; that on the succeeding renewal date of licenses that all agents be required to complete one application for license renewal. Much time was spent in an endeavor to get at some practical and workable plan in so far as the department was concerned. Two objections were advanced against the proposal by Commissioner Kendrick, being that the department lacked sufficient filing space and equipment and the funds for clerk hire and general supervision. Frankly, the objections appear trivial in view of the vast sums paid into the state as taxes on insurance but the objections were, never-the-less, true. We had the impression just at the time of Commissioner Kendrick's resignation that the plan would eventually work out and the proposal would become a reality. Then, Mr. Yenter, our present commissioner, came into office and the work had to be all started over again. We have had two or three conversations with Mr. Yenter on the subject up to date and while we feel that he is favorable to the proposal we find that he is handicapped as was the former commissioner.

## Urge Continued Effort to Secure Action

Your committee most emphatically recommends that this subject be referred to this same committee for the next year and that the subject be pursued and not allowed to rest until some definite conclusion has been reached. We feel that sufficient funds could be made available to the department through legislative action on the request of the department and with the aid of this association.



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## AGENTS MUST BE RIGHT AND THEN GO AHEAD (CONTINUED FROM PAGE 3)

of insurance is a sacred trust, too important to be lightly dealt with, either by an unreliable company or an unqualified agent.

### Few Grievances of Year Were Easily Adjusted

There have been very few grievances during the past year which have not found amicable adjustment among the agents themselves. Especially is this true where local boards exist. There has been but one case as I remember during the entire year which has been referred to the National association for attention and I am happy to state that this matter was adjusted locally before the grievance committee of the National association had an opportunity to act upon the matter. This speaks well for the effectiveness of the work of our association. I have had a few cases referred to me by agents not members of the association.

While the fire prevention, fire waste and inspection program is not a direct function of this association as now conducted, yet it is safe to conclude that these exceedingly worthwhile efforts accomplish the greatest results in the communities where the local agents, voluntarily, get into the game and help put the program across in a big way. This is the least that any local agent can do.

### Growing Credit Evil Is Blot on Agents

It is with some hesitation indeed that I call attention to the growing credit evil. I would not do so were it not for the fact that by virtue of our affiliation with this association we are supposed to represent a class of agents who conduct their business on a little higher plane than the fellow who makes no pretension of business ethics. Unless this contrast as between members and non-members is very apparent in agency supervision, there is something radically wrong with the function of this association. If we collect our premiums promptly, we can pay our agency balances in accordance with our agreement so to do. The prompt payment of agency balances would enhance friendship, reduce acquisition cost and give the fieldmen opportunity for a more constructive program of mutual helpfulness. There is also another angle to this very important matter, which affects the relationship between agencies. The agent who habitually extends the time for payment of premiums and the company which permits the extension of time for the payment of agency balances are both guilty of discrimination. This indiscretion partakes of the nature of a rebate and hence is unethical in general practice. There are of course exceptional cases, but I am speaking of habitual practices.

In order to promote better public relations throughout the state, to better educate the general public as regards the underlying principles of insurance and to convince our constituency of our desire and ability to efficiently serve their needs, an all Iowa insurance day should be annually observed. Several states have already inaugurated such an innovation and most excellent results have been obtained. If this association sees fit to take the initiatory step toward this accomplishment, the other branches of insurance will doubtless join in the formation of an Insurance Federation.

### Advices Publicity For Work of Association

It is my firm conviction that this association is sadly handicapped in its work of organization because of the lack of the right kind of publicity. With this thought in mind we sent out 2,000 postal card announcements of this convention, in order to inform at least that number of Iowa agents that we have an association and that they were invited to come to this meeting. I have been greatly interested in some of the many replies received.

# Agents Should Keep Up With Manufacturers of Automobiles

By LEO E. THIEMAN  
Casualty Information Clearing House

THE casualty insurance business can well take a cue from the great American motor industry which is producing vastly more rapidly than companies and their agents are insuring. Affording an example practically without parallel, the motor industry is setting a pace for intensive cultivation that the casualty business would do well to emulate. Somebody said recently that there were more automobiles in this country than telephones. The author of this statement was an insurance company which accompanied it with an exhortation to its agents to develop the automobile lines. And well might it do so, for there is hardly anywhere in our

harbinger of a new era. Its duplication on a larger scale from year to year will be the stepping stone to the height where the casualty business will no longer be behind, but ahead of the schedule, actually anticipating the insurance needs of the great motoring public.

What need is there to make the "wolf, wolf" cry of competition from cooperatives when we are not on the job first? Don't worry so much about selling out a mutual or reciprocal automobile insurance policy. Be there first. What is needed is a more intensive cultivation. People will not voluntarily come in and ask for an automobile insurance policy. If that method is followed the business will assuredly expire of dry rot. The motor manufacturers don't wait. They go out.

### Agent Did Not Put Forth Special Effort in Drive

An example from the April drive may well be cited. In one of the smaller cities in Illinois the agents entered upon the automobile campaign including the advertising program. One agent complained that at the end of the month the "advertising" had not brought him any new business. When queried as to what he had done in the canvass of automobile insurance other than what he would do normally, he said he had done nothing. He complained that a reciprocal man in town selling nothing but automobile insurance, derived more benefits than anybody else even though the advertising spoke of nothing but stock insurance. He said that this reciprocal man was on his toes all of the time and did nothing but sell his auto policies. Further questioning revealed that in this same town there were some stock agents participating in the advertising who actually got out and did something out of the routine and who accomplished results. These said that the advertising had been a help to them in breaking down the barriers of sales resistance.

### Trend of Times Is Warning to Agents

The encroachment of the state as an acquisition body in the automobile insurance business, compulsory insurance, numerous plans for wholesale insurance, growth of inter-insurance exchanges of motor clubs, are handwritings on the wall, which should be clarion calls to the American casualty agents to speed up, speed up and evermore speed up. Nothing under the sun will supplant the thorough sales and service contact of the local agent in the sale of automobile insurance unless he himself is willing to be supplanted.



LEO E. THIEMANN, Chicago  
Casualty Information Clearing House

industrial history any progress more gripping than that made by the motor manufacturers, or any branch of business that has developed sales contact to the point reached by the automobile business.

### Insurance May Keep Up With Production of Cars

At the risk of being called visionary, I can see the time when the companies and the agents by a union of intensified effort, publicity and advertising will no longer follow far in the wake of motor car production but will keep well abreast of it, insuring as fast as the brother industry is producing. The "Insurance in April" drive held this year was but a straw in the wind. It was but a

There are many local agents in the state who never before heard of our organization, and many who had been informed of the existence of the association had some very distorted ideas as to the real aim and object of the organization. There is absolutely nothing about our work that we need to be ashamed of, and there is every reason why we should feel justly proud of the association and its achievements. That there should be some medium of communication between our members is very evident, to say nothing about the task of acquainting the non-member agents of the work we are doing. I am of the opinion that if we could only get the real facts of what this association stands for and what it has accomplished, before these non-member agents, in proper fashion, they would be knocking at the door of the association for admission.

To my mind the most prominent features of this association are the slow

## THE LATERALS OF THE INSURANCE TRIANGLE (CONTINUED FROM PAGE 2)

of agents who appreciate their own responsibility, and who are willing to put into their offerings the same degree of intelligence, integrity, promptness and judgment which they will demand of the principal.

### Field Man Must Be Schooled in All Branches

The field man should likewise be thoroughly schooled in all branches of the business. He must be a salesman and a diplomat, and ready and willing on a moment's notice to assist an agency, either large or small, in the development of his business, either from the standpoint of direct solicitation or through any other channel of service; he will serve both company and agent by establishing friendly relations and aiding in both the underwriting and in loss adjustments. He will serve the agents by giving them a better understanding of the policy contracts, and keep them well informed on so-called side lines, and new form of coverage, and if he has any time left after performing these multifarious duties, he will enforce the strict observance of the 45-day rule as a maximum of credit in the payment of agency balance and thereby assisting the agent to keep his own business on a satisfactory—or I might say, possibly, even a solvent condition.

### Agent Must Have the Qualities He Demands

The local agent—generally speaking, an agent must have the same qualifications as an individual, that he will demand of the company. If he will expect a prompt payment of losses, he will pay his balances promptly. If he will expect prompt replies to his inquiries, let him be equally prompt in answering necessary correspondence. If he will expect the company to deviate from their ordinary practice to accommodate him, let him reciprocate in the same manner, and he will appreciate his own frailties as he will find them in others.

### Secretary's Report

Joseph R. Anderson, secretary of the Iowa Association of Insurance Agents, in making his report said that the total membership Sept. 1 was 195. There were dropped during the year 36 and 40 new members were secured. The cash balance on hand Sept. 1, 1926 was \$497.77. The dues collected during the year amounted to \$2,077.50, making a total of \$2,575.27. The disbursements were \$2,193.45 leaving a balance on hand of \$371.82.

### Speechless Banquet

There were no speeches at the banquet on Wednesday evening. There was plenty of music and entertainment. President J. R. Vaughan was in charge and kept things moving. J. A. Giberson of Alton, Ill., who spoke on Tuesday as a special representative of the National Association, was introduced, as was J. M. Dempsey, Des Moines manager of THE NATIONAL UNDERWRITER.

### Golf Winners

Hermann C. Miller of Waterloo turned in the low net score at the golf tournament held at the Sunnyside Country Club on Wednesday afternoon. Mr. Miller shot an 80. H. C. Weigley, special agent of Fred S. James & Co., won low gross with 69, and George N. Schrup, state agent of the Dubuque F. & M., had high gross—141.

### Lone "Lady Agent"

Frances L. McCoy of the Crull & McCoy agency at Washington, Ia., sat through every session and manifested great interest in the proceedings. She was the only "lady agent" present, and the first one to attend an annual meeting in several years.



## Why Do I Read an Insurance Paper?

### Because It Means Money to Me to Know

- “What is going on in the business—
- “When a new company starts in business—what its prospects are—
- who is behind it—who is managing it. I may have need of another company—my customers may want to know about it—
- “When a company gets into trouble—so that I can protect myself and my clients—
- “When a company opens a new department to write some special line—I may have a line of that kind to place—there may be a big field in my town for that kind of business—

### And Then—My Pocketbook

“It is important to me to keep posted on the relationship between the companies and agents, whether it be the separation movement, commission problems, reduction of expenses or what not. I am interested in the American Agency System and its being maintained properly and the factors that tend to hurt this system and affect my pocketbook. I want to know what is going on.

### I Want to Know

- “What agents in other towns are doing. They are working out my problems—their work will help me; give me new ideas.
- “What the National and State Associations are doing. Whether or not I am a member, the work being done is of vital interest to me, and I want to keep in touch.
- “What laws are being passed which affect my business. I know a few people in my town, and I want to be in a position to use what influence I have, intelligently.
- “There are hundreds of questions coming up that I, as an intelligent, up-to-date, live insurance man ought to know about. It makes me a better insurance man. Knowledge of my business gives people confidence in me, and you can bet that people are glad to give their business to a man who KNOWS HIS BUSINESS.

### THAT'S WHY I READ

## The National Underwriter

EVERY WEEK”

## Mr. Agent—How About You?

The NATIONAL UNDERWRITER is the largest and leading insurance paper in the United States, with a staff of trained correspondents in every news center in the country, every large city and in every capital.

**A Fifty Page Weekly**, covering all branches of the business—fire, life and casualty—costing less than 8c a week, not any more than a low-priced cigar. In it you get the general news of the business, and the news of your home state in a special department.

**And an educational service** in all branches of the business, which means greater efficiency for the agent. Questions answered free of charge by experts. Special convention issues—educational articles and discussions.

**You read your newspaper every day.** How about your “Bread and Butter” paper? Thousands of prosperous agents read the “Underwriter” year after year.

**THE NATIONAL UNDERWRITER COMPANY  
PUBLISHERS**

CINCINNATI  
420 E. Fourth Street

CHICAGO  
1362 Insurance Exchange

NEW YORK  
80 Maiden Lane

### ORDER BLANK

SIGN BLANK AND SEND IT IN

THE NATIONAL UNDERWRITER  
1362 Insurance Exchange, Chicago, Ill.

Gentlemen:

Kindly send The National Underwriter, per year  
(Fire and Casualty Edition), \$4.00.

Sign .....

Street .....

City .....

State .....

NOTE—No check need accompany this order. Pay after you have seen paper and have received statement, with privilege of discontinuing any time on pro-rata basis.



ORGANIZED 1883



*Webster defines "character" as "the sum of qualities or features by which a person or thing is distinguished from others."*

# CHARACTER

*We believe it describes the Security Fire in its relations with its agents all of whom we thank for . . . . .*

**Forty-four Years  
Successful  
Record**

---

**I O W A F I R E  
I N S U R A N C E C O M P A N Y**

*(Former Title "Iowa Manufacturers Insurance Co.")*

**WATERLOO, IOWA**

---

**"Building for Tomorrow"**

---

*Established 1905—nearly a quarter century ago*

**HERMANN MILLER, *Manager***



# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

MONDAY, SEPTEMBER 19, 1927

## LEADING A NATION'S PEOPLE!

The Federal Life Insurance Company's Tremendous Newspaper Advertising Has Awakened the Public To the Benefits of Insurance in the Federal Life

NEWSPAPERS throughout America reaching 50,000,000 people have made the public Federal "Insurance-conscious"—thus rendering a valuable public service, and cultivating a tremendous field for more insurance for Federal agents.

\* \* \*

Never before has the need for insurance been brought home so forcefully.

The astounding record made by the Federal Life reveals clearly how receptive the public is to life, health and accident insurance.



THE COMPANY'S BUILDING

It indicates as well, that untold millions of insurance are there, *still to be written*.

Never before was there a better time to sell it—or easier to sell it—for the Federal.

The double page, the full page advertisements, the front page reminders, the news columns, editorial comment—all have done a miraculous job to make sales easier.

Representatives of the Federal Life and all other insurance companies are benefiting tremendously by the Federal's enormous publicity.

## FEDERAL LIFE INSURANCE COMPANY

Isaac Miller Hamilton, President

168 North Michigan Ave., Chicago, Illinois

Assets Over \$10,000,000

Established 27 Years



# How We Help Our Men

**T**HE MISSOURI STATE LIFE is constantly seeking new ways to help its men in the field. We recognize that the success of our business is dependent upon the success of the men who sell.

In addition to practical helps through our Educational, Sales Research and Publicity Departments we are constantly giving our men new policies, new types of insurance, new selling ideas. Training is essential; sales facts and literature are necessary, and publicity is a valuable asset—but the man who, *in addition* to all of these, has a real policy to sell, a real idea to present, is the man who finds both pleasure and profit in his job.

**H**ERE are just a few of the new policies we have given our men in the last six months:

**Child's Policies—**

20-Year Payment

20-Year Endowment

**Deferred Endowment—**

Educational Policy

**Home Purchaser's Policy**

**Modified Life—**

Plans Nos. 1 and 2

**Sterling Accident Policy**

Pays \$1,000—\$100 monthly.

Sells for \$10.00.

and with these we offer all the regular standard forms — more than fifty different types.

Perhaps you would like to know something more about one or more of these policies—about our plan for helping our men?

We'll be glad to hear from you — your request will be treated in confidence and you entail no obligation in writing.

## Missouri State Life Insurance Company

M. E. SINGLETON  
President

HOME OFFICE  
ST. LOUIS

*A Great Company Daily Growing Greater*

MISSOURI STATE LIFE INSURANCE COMPANY,  
Saint Louis, Missouri

Please tell me about your Agency plan and send me information about the policies checked.

☐ Child's Policies—20 Year Payment  
20 Year Endowment

☐ Deferred Endowment—Educational Policy

☐ Home Purchaser's Policy

☐ Modified Life—Plans 1 and 2

☐ Sterling Accident Policy

Name .....

Address .....

**LIFE**

**ACCIDENT**

**HEALTH**

**GROUP**



# The National Underwriter

THIRTY-FIRST YEAR No. 37-B  
EXTRA EDITION 25 Cents a Copy

CHICAGO, CINCINNATI AND NEW YORK, MONDAY, SEPTEMBER 19, 1927

Office of Publication, 175 W. Jackson Blvd. Chicago, Illinois

HEALTH AND ACCIDENT  
CONFERENCE NUMBER

## Scherr Head of Accident Conference

Public Relations Survey Will Be Made by Insurance  
Advertising Men—Approve Uniform Policy Provisions

### Take Important Steps

DEFINITE action on several important matters marked the 26th annual convention of the Health & Accident Underwriters Conference, held in Toronto last week, probably the most notable being the decision to request a survey by the Insurance Advertising Conference on methods of improving public relations for the health and accident business and the giving of the final approval of the conference to the suggested uniform phraseology for several of the important provisions of the accident and health policy form.

#### Offer Was Extended by Clifford Elvins

The action in regard to the public relations survey followed an offer to the conference to conduct such a survey, made by Clifford Elvins, advertising manager of the Imperial Life of Canada and president of the Insurance Advertising Conference. The question of institutional advertising has been up for several years, but when Mr. Elvins, whose high position in the advertising field gives his opinion great weight, suggested that other things might be more important at this time, his offer was immediately accepted.

#### Meeting Was Given International Angle

The meeting was the first the conference has ever held on Canadian soil, and while there are now no Canadian companies that are members of the organization, the meeting was given an

international character by the attendance of some Canadian company men and Canadian representatives of United States companies and by the presence at several sessions of R. Leighton Foster, superintendent of insurance for the province of Ontario, and his predecessor in that office, V. Evan Gray, who is now, chairman and counsel of the Canadian Casualty Underwriters Association. Mr. Foster gave the address of welcome at the first session and Mr. Gray was the main banquet speaker.

The attendance was undoubtedly in-

creased by the fact that the meeting was held immediately following that of the International Claim Association and at the same hotel. Many of the executives of Conference companies came early for the claim meeting and a number of the men interested primarily in claim work, who were in attendance at that meeting, stayed on for the conference sessions. The report of the credentials committee showed a total attendance of 130, including 76 representatives of 41 member companies, and 54 guests.

### NEW OFFICERS ELECTED

#### PRESIDENT

J. W. Scherr, Inter-Ocean Casualty

#### FIRST VICE-PRESIDENT

J. S. Irish, Iowa State Traveling Men's

#### SECOND VICE-PRESIDENT

Frank L. Barnes, Sentinel Life

#### SECRETARY

C. Norman Green, Hoosier Casualty

#### CHAIRMAN, EXECUTIVE COMMITTEE

W. W. Powell, Southern Surety

#### NEW MEMBERS, EXECUTIVE COMMITTEE

H. G. Royer, Great Northern Life; H. H. Shomo, American Casualty (reelected); Sam C. Carroll, Mutual Benefit Health & Accident; W. T. Grant, Business Men's Assurance.

#### HOLDOVER MEMBERS

T. Leigh Thompson, National Life & Accident; E. C. Bowlby, Fidelity Health & Accident; Ben Haughton, International Travelers Assurance; Dr. J. R. Neal, Abraham Lincoln Life.

### Veteran at Helm

THE election of J. W. Scherr, president of the Inter-Ocean Casualty of Cincinnati, as president of the Health & Accident Underwriters Conference at the closing session of its annual meeting at Toronto places at the helm one of the veterans of the organization, who has been affiliated with the conference for 17 years and has always been regarded as one of its most dependable members, sound in his judgment and always willing to put his shoulder to the wheel when there was work to be done. He has seen extended service as a member of the executive committee and his advice and counsel have always been sought when there were problems of moment before the conference.

#### Entered Accident and Health Field in 1910

He entered the accident and health field in 1910, after 11 years of service with the West Virginia insurance department, becoming at that time president of the Consolidated Casualty of Louisville and also entering active service in the conference ranks at the same time. In 1917 his company was merged with the Inter-Ocean Casualty, then located at Springfield, Ill., and the company was moved to Cincinnati. He has served as president of the Inter-Ocean since that time.

It has always been the custom to advance the retiring chairman of the executive committee to the presidency,



J. W. SCHERR  
New President of Conference



W. T. GRANT  
Retiring President of Conference



W. W. POWELL  
Chairman Executive Committee



HAROLD R. GORDON  
Executive Secretary of Conference



but this year T. Leigh Thompson, vice-president of the National Life & Accident, who has served in that capacity for the past year, refused to allow his name to be presented for any office, on account of the recent death of his wife, and this necessitated another selection. It was pointed out, however, by members of the nominating committee that there was no lack of presidential material in the conference, and it is assumed that the administration of affairs will be in capable hands with Mr. Scherr as its chief executive.

#### Powell Made Chairman of Executive Committee

W. W. Powell, who was named as chairman of the executive committee



CLIFFORD ELVINS  
President Insurance Advertising  
Conference

and thus, according to former precedents, is put in line for the presidency next year, is vice-president of the Southern Surety of Des Moines and has for a number of years been in charge of the accident and health department of that company. He has also been an active figure in conference affairs for many years and is regarded as an eminently suitable man for what is regarded as the second most important post in the gift of the Conference.

The decision as to the time and place of the next meeting was left to the executive committee. With considerable sentiment manifested toward meeting again in Chicago, Ted M. Simmons of the Pan-American Life renewed his invitation to hold the next annual meeting in New Orleans in October of next year.

#### Vote Down Proposal for One Meeting a Year

The proposal to hold but one meeting a year hereafter, which was referred to a special committee at the Chicago meeting last spring, was voted down after an adverse report had been submitted by that committee, of which George R. Kendall of the Washington Fidelity National was chairman. It was decided, however, to make the mid-winter session strictly a business meeting, covering not more than two days, and to eliminate all entertainment features, including a formal banquet.

The meeting was regarded as being unusually successful, not only from the standpoint of attendance but from the high character of the program and the interest taken in all of the addresses and discussions.

The resignation of the National Accident & Health of Philadelphia, submitted on account of the resolution adopted at the March meeting, in Chicago, was accepted by the Conference.

## Ask Public Relations Survey by Advertising Conference

THE question of institutional advertising, which has been before the Conference at every session for several years past, was brought up at Friday's session by the report of the educational committee, of which E. C. Budlong of the Federal Life is chairman. Mr. Budlong in his report reviewed the various proposals suggested along this line and the efforts that have been made along the line of cooperative advertising, particularly the campaign conducted in the farm papers by the fire companies writing farm business. He said that while the farmer is usually required to carry fire insurance as a condition of obtaining a loan, there is no way to compel the farmer or any other class to carry accident and health insurance.

#### Questions Raised as to Institutional Advertising

He declared himself to be in favor of advertising, but suggested some questions in regard to the cooperative plan as applied to this organization, including the fact that many of the biggest writers of accident and health insurance are not members of the conference and that in reaping the benefits of an institutional advertising campaign those companies would be "riding on a free pass," and the further fact that many members of the Conference are operating in a restricted territory and therefore would not get their share of the results from a national campaign.

He introduced Clifford Elvins, advertising manager of the Imperial Life of Canada and present president of the Insurance Advertising Conference, to tell something about what the Canadian companies had done and also to give some general comments on the question at issue.

#### Building Better Public Relations First Essential

Mr. Elvins in a brief talk emphasized that the first consideration for any insurance company or organization was the need for building better public relations. He said that if the public had the same confidence of getting a square deal from the insurance carriers that it did when dealing with some of the nationally known department stores, for example, the cost of acquisition would be greatly reduced. He added that there was an important difference, however, in that the impression obtained of an insurance company was usually the result of dealings with a single individual. He mentioned the question of correspondence as well as personal contact with policyholders, and said that any executive who tried the experiment which he did at one time, of obtaining duplicate copies of all letters sent out, would be surprised at their character.

#### Other Things More Important Than Use of Printer's Ink

While the first thought in connection with public relations is naturally the use of printer's ink, there are other things more important. He referred to the survey conducted by the Advertising Conference for the National Board of Fire Underwriters to recommend a public relations program. There were four steps in the program suggested, and cooperative advertising was the fourth. Mention was also made of a similar survey made for the National Bureau of Casualty & Surety Underwriters, and on behalf of his organization Mr. Elvins offered to make a like survey for this Conference, if desired by it.

He expressed the belief that cooperative advertising is in most cases money wasted. In describing the campaign of that sort that has been carried on for a number of years by the Canadian life companies, he said that while it has had

a considerable measure of success, "you can't lay your finger on it and prove what you've got."

#### Metropolitan Satisfied with Results Obtained

James Victor Barry of the Metropolitan Life was asked in regard to that company's advertising campaign. He said that while he was not in a position to answer the question directly, the campaign has been carried on for six years, with very satisfactory results, and he knew there was no thought of abandoning it.

E. G. Robinson of the National Masonic Provident suggested that one thing to be considered in a national campaign was the enormous field to be covered and the enormous expense therefore involved.

E. J. Faulkner of the Woodmen Accident asked for a show of hands as to how many companies would be willing to pay 1/20 of 1 per cent of their premium receipts into an advertising fund, and got a few favorable responses.

#### Advertising Later, Rather Than as Initial Step

C. O. Pauley of the Great Northern Life said that he had never been sold fully on the cooperative advertising idea and that while there is no branch of the business that has so many opportunities to create enmity as the accident and health line, he believed that advertising should come later in the creation of better public relations, rather than as the initial step. He moved that the Insurance Advertising Conference be requested to make a survey of the accident and health field, as suggested in Mr. Elvin's offer, which was unanimously carried.

## Mutual Section of Conference Dropped

The Mutual Section, once an important feature of all conference meetings, but which has done little for several years except to elect officers, passed out of existence at the Toronto meeting with the adoption of an amendment to the constitution proposed by E. J. Faulkner of the Woodmen Accident, eliminating the article under which the section had heretofore functioned. Mr. Faulkner said he thought the need for a separate organization of that sort had long ceased to exist and there was no reason for continuing it. He was supported in that view by E. G. Robinson of the National Masonic Provident and N. L. Criss of the Mutual Benefit Health & Accident.

Another amendment to the constitution was adopted on recommendation of the by-laws committee, of which C. O. Pauley of the Great Northern Life is chairman, under which past presidents will no longer be ex-officio members of the executive committee. It was felt that the continuance of this plan tended to make the committee unwieldy. Furthermore, one of the ex-presidents is no longer connected with a company which is a member of the conference and it was felt that there might be some question as to his eligibility to serve on the committee. The treasurer was also dropped from the executive committee, inasmuch as the office has now been combined with that of the executive secretary, who is an employee of the conference and not an elected officer.

E. Gilbert Robinson of the National Masonic Provident, one of the veterans of the Conference, who had an active part in the development of the old Detroit Conference from its earliest days, was on hand for both the Claim Association and Conference sessions.

## Rowland's New Post

R. M. Rowland, agency manager of the National Casualty of Detroit, who has served as secretary of the Conference for the past year, has left the accident and health field for the present at least, and within the next week will take up his new duties as manager of the Chicago office of the National Casualty, which recently entered the general casualty field and will conduct that business from Chicago.

Mr. Rowland is succeeded as agency manager of the accident and health department of the National Casualty by J. E. Lowe, who has been assistant manager for some time past and has had an extended experience in the accident and



R. M. ROWLAND  
Retiring Secretary of Conference

health field, having served as general agent of the Pacific Mutual Life before joining the National.

#### Counsels' Association Meets

The General Counsels' Association of Accident & Health Companies, which held its annual meeting in Toronto last week, voted to change its name to "The International Association of Insurance Counsels." Hereafter all attorneys representing accident, health, life and liability companies will be eligible to membership, as well as those in home office legal departments.

These officers were elected: President, Edwin A. Jones, Fidelity & Casualty, New York; vice-president, G. W. Denmead, Baltimore; secretary-treasurer, John A. Millener, Columbus, O.; executive committee, Frank A. Woodland, Omaha; Walter F. Seay, International Travelers, Dallas, Tex.; M. P. Cornelius, Continental Casualty, Chicago; D. E. C. Moore, Pacific Mutual Life, Los Angeles; James L. Kearney, Hartford.

#### Few Changes in Manual

The only important change made in the report of the manual committee, submitted by A. F. Wieland of the Federal Life, chairman, and adopted by the Conference, was the inclusion of a more complete and comprehensive railroad schedule. No important changes in classifications were made, although several minor ones were included in the report.

While Toronto is regarded as being the most American of Canadian cities, there are a few things that help to remind the visitor that he is no longer in the "States." The traffic policemen, with their helmets and chin straps, furnish a decidedly British note on the streets, being an almost exact replica in appearance of the typical portrayals of the London "Bobby."



# President's Review of the Year's Work

BY W. T. GRANT

It has seemed to me that as your president it would be fitting for me to discuss with you briefly, and as intelligently as may be possible, the principal activities of the conference itself and the business of accident and health underwriting in the following three important aspects:

1. The affairs and activities of the Conference throughout the past year and such recent developments in the field of accident and health underwriting as appear worthy of your consideration.

2. The general status of this Conference and of the health and accident insurance business at this time.

3. The opportunities for the continued growth and usefulness of our business and the changes toward which there appears to be a decided trend.

## Activities of Past Year Are Reviewed

I cannot claim for the year's administration any unusual or outstanding achievement. The affairs of the Conference have proceeded in a manner both orderly and helpful to the membership. The great majority of the larger com-



GEORGE R. KENDALL  
Washington Fidelity National

pany members have continued to faithfully report their claim experience to the statistical bureau. The bureau has now operated long enough to have accumulated a sufficient amount of data so that its conclusions may be accepted as representative of the real hazards encountered in the business. Bulletins are issued from time to time which can be made of almost inestimable value to the membership. A notable example is the recent bulletin on "Waiting Periods" which gives to any company management a basis upon which to establish proper rates applicable to contracts, providing for various elimination periods.

An earlier bulletin gives information regarding the experience of member companies according to the age of the insured, which is also of immeasurable value in rate building.

## News of Proposed Legislation Distributed

The past year legislative sessions were held in the majority of the states. The executive secretary received and distributed legislative news that greatly assisted all company officials in keeping closely in touch with proposed legislation affecting their interests. While the Conference, as such, did not undertake to influence or participate in legislative activities, its value was in the assembling and the distribution of information to the companies located in the

states in which the proposed laws were being considered. It is gratifying to find that with one or two exceptions all attempts to enact legislation, that would be unfair and burdensome to companies and policyholders alike, were successfully defeated.

A revised digest of insurance laws and department rulings has been prepared and distributed to the membership within the year.

## Effect of Resolution on Unethical Competition

A resume of the year's activities would be incomplete without mentioning the resolution adopted at the winter session condemning in emphatic and unequivocal terms the unethical practices that were being indulged in by certain companies engaged in the accident and health business by certain non-member companies.

It is my belief that the wide publicity resulting from the adoption of the resolution, and the filing of it with the various insurance departments, has had a most wholesome effect upon the business. I feel that all Conference members are indebted to those insurance commissioners who have so heartily endorsed the Conference's stand and have refused to license companies against which the charge of unethical and unfair practices has been made until thoroughly satisfied as to the methods which may be expected to follow in future.

## Present Condition as Affecting Conference and the Business

I feel quite safe in saying that at no time in our history have Conference members worked together more harmoniously and evidenced a spirit of greater willingness to assist each other in the solving of any problems encountered. The fidelity with which the Conference's Code of Ethics has been observed as it relates to the employment of each other's agents must be gratifying to all.

There are some minor infractions, of course, but they are limited almost entirely to very small companies or associations whose managing officials have not yet learned that even laying aside the question of good ethics, it is sound business and conducive to their own welfare to follow the rules of conduct set forth in the Conference Code.

## Changing Conditions Present Many Problems

As for the conditions that exist in the field of accident and health underwriting it would be idle to assert that they are wholly satisfactory. Conditions affecting the accident hazard continue to change so rapidly that it is increasingly difficult to adopt a rate applicable to given occupations that may not within a short period prove either inadequate or excessive, due to changing conditions in such occupations. With more than 20,000,000 automobiles traversing the streets and highways of the nation we need experience no surprise at the constantly increasing number of deaths and injuries resulting, not only to those driving or riding, but to pedestrians as well. Bankers, lawyers, salesmen and others whose duties were formerly limited to those of slight hazard are now almost daily exposed to the same chance of injury as are chauffeurs, mechanics or general repair men. On the other hand, workmen in large factories formerly exposed to unguarded machinery now work under the protection of modern safety appliances and find themselves much less exposed to danger than heretofore. On the whole, I feel certain that the combined experience of all companies will show a gradual increase in the number of accidental deaths and days of disability from accidental injury—thereby

indicating the necessity of a gradual increase in rates or of a decrease in the expense of operations.

## Pendulum Swinging Away from Life Indemnity

The field of health underwriting presents an even greater problem. The first health policies were of such restricted nature as to invite constant disappointment. Under the pressure of competition between companies one restriction after another was eliminated, while one new feature after another promising some additional benefit was incorporated into the policies. It finally became possible for the policyholder to obtain the guarantee of a fixed income throughout the entire period of his disability, whether for one day or a lifetime. In theory this would seem to be ideal, but in practice it presents such serious problems that the pendulum is again swinging the other way and most companies now deem it undesirable to assume a liability of such possible magnitude. The most common means of meeting the situation seems to be the elimination of indemnity for the early period of the disability or for disability continuing beyond one year or both.

## Effect of Waiting Period Plan Reviewed

Since the effect of the waiting period is to either eliminate very short periods of disability and trivial claims or to slightly lessen the indemnity payable under claims of long duration, there is little or no hardship worked on the policyholder under such plan. Perhaps the most serious objection that could be made is the reluctance on the part of the salesman to fully acquaint the policyholder with the facts concerning his policy.

In the early days of health insurance it was the common, if not the universal, practice to exempt at least seven days of disability. Much misunderstanding and dissatisfaction arose therefrom. It must be recognized, however, that the general standard of accident and health salesmen has been greatly improved since those days. I believe that under existing conditions we may safely rely upon their properly and fairly explaining this feature under disability contracts, and that its advantages so outweigh its disadvantages that we will see a constant and a rapid increase in the number of companies adopting this plan.

## Reduces Classifications in Conference Manual

I am convinced also that a reduction in the number of classifications as found in the present Conference Manual would be advantageous once the companies became accustomed to the new plan. As a matter of fact, a considerable number of those in the conference have already taken this step—dividing all of their accident risks into not more than five classifications and perhaps some of them into a fewer number.

The greater the number of classifications the greater the salesman's problem becomes in making sure that he has succeeded in so accurately determining and describing his applicant's duties as to entitle him to the policy under the classification recommended. Failure on the part of the company to approve the application as made results in a disappointed and finally dissatisfied representative. It also creates a feeling of doubt in the mind of the applicant, as to whether either the salesman or the company know exactly what their own rule should be.

Once the policy has been issued, the greater the number of classifications the

greater the responsibility upon the claim department to make sure that some slight change in the insured's occupation or even in his daily duties in connection with his original occupation does not make it necessary under the contract to pro-rate the claim.

Obviously the greater number of pro-rated claims the greater number of cases of possible and even probable dissatisfaction; and with every dissatisfied claimant we lessen our chance of winning and retaining that confidence in, and respect for our business, so essential to our continued success.

## Increased Hazard of Advancing Years

Perhaps of even more importance is the adoption of proper rates for health insurance based upon the increased hazard on account of advancing years. We are learning that the cost of indemnifying for loss of time from sickness increases with the age of the insured in almost the same proportion as does the cost of providing life insurance. While the rate on life insurance at age



C. O. PAULEY  
Great Northern Life

50 is almost 300 percent of the rate at age 20, it has been, and still is, the practice of many companies to apply a flat rate on health insurance to all risks from age 20 to 49, inclusive.

Several years ago the Business Men's Assurance began increasing the rate on health insurance at age 41, and our present rules include five different age groups with rates based accordingly. Even yet we have not gone far enough. The exhaustive investigations made by actuaries, preliminary to the adoption of rates on non-cancellable accident and health insurance, disclose beyond all doubt the practical necessity of observing the age factor. I believe we will see the day when premiums on health insurance will be based upon the insured's age in almost the same proportion that they are on life insurance today.

Among the other benefits to result from such a change will be substantial decrease in lapsation. Once it becomes generally understood that a disability policy cannot be replaced at its original rate, our policyholder will not be so ready to lapse his policy and thereby forfeit the right to receive the protection at the original rate enjoyed.

## Future Opportunities and Responsibilities

He must be blind indeed who fails to recognize the great opportunity that exists for further growth in the business in which we find ourselves en-



gaged. The most authentic figures available indicate a national income of approximately \$70,000,000,000 per year. Government health records indicate that the average individual suffers seven days of disability per annum, equivalent to 2 percent of the 365 days in the year. Two percent of our income of \$70,000,000,000 is equivalent to a total annual loss from disability alone of \$1,400,000,000. Against this gigantic economic loss total benefits of approximately \$85,000,000 were paid by all stock accident and health companies in 1926. Including mutuals, the total benefits would approximate \$100,000,000, or only about 7 percent of the total loss through disability.

Thus we find that despite the great growth experienced in our business within the past few decades, there is yet 93 percent of the time-value of the American citizens not yet covered by insurance. Truly a great opportunity confronts us.

There is a need—a fundamental need—of income protection. Should we, as the managers of private business enterprises, fail eventually to provide for such need, the inevitable result would be to fill the need through governmental agencies. We can, in my opinion, only avoid having the government usurp our opportunity by continuing to provide a character of service that will satisfy the public's need of protection against the most vital thing in the life of the individual—the financial value of his time.

#### Need Public Understanding of What Business Offers

To appreciate and desire the protection afforded by the character of companies found in this conference, it is only necessary that the public understand what we have to offer. This means, then, a better educated public. This education can come, and must come, principally in one of two ways. It may come through direct contact be-

tween our own personal field representatives and the public itself; or through some form of newspaper advertising. To come through our agency organization, our agency force itself must be better and still better educated in the principles of the business. Within the past few years great advancement has been made in the standard of salesmanship among insurance organizations. A considerable percentage of the life insurance companies throughout the land now not only maintain a thoroughly systematized home office training school, but supplement such school with correspondence courses or periodical sectional agency meetings—or both. Due, perhaps, to a smaller average volume of business, accident and health companies have not been as alert in the following of such methods as have the life companies.

#### Agents Must Know Business

Because the likelihood of misunderstandings in the benefits promised in accident and health policies, and the consequent disappointment and dissatisfaction resulting from claim settlements is greater under accident and health policies than under life policies, it is even more important that our field force should be thoroughly educated to a proper understanding of the business. More attention must be devoted to this phase of company building, if we in the accident and health business are to enjoy the same degree of growth and prosperity that is being experienced in either the life or fire insurance field.

#### Reaching the Public Through Advertising

The second method of reaching the public through both trade and daily newspaper advertising has not been greatly utilized up to this time. I firmly believe, however, as I have often expressed myself before this conference, that we are not capitalizing this most

effective means of moulding public opinion to anything like the extent we could afford to do. It is too much to expect immediate results in any effort to interest a large group of companies or individuals. I have been happy to note, however, that within the past few months there are evidences that certain groups have reached an agreement that guarantees the early beginning of certain cooperative advertising campaigns. In one of our large southern cities the support of both local companies and local representatives of foreign companies has been secured and a general state-wide advertising campaign in behalf of life insurance in general is soon to be undertaken. Within the next few weeks a series of newspaper and billboard advertisements will be begun in Kansas City. The thought back of this particular series will be to advertise to the citizens of Kansas City the many reasons why they themselves will benefit by giving a fair share of their patronage to companies whose home offices are located in Kansas City. These two campaigns are assured facts. There are many others at this very moment receiving earnest consideration. I predict that the next few years will see a tremendous increase in the number of insurance companies that are utilizing a better educational system for their agency forces, and a greater patronage of the press in educating both present and prospective policyholders to a better understanding of the beneficent results of income protection.

Louis L. Graham, chief claim adjuster of the Business Men's Assurance and newly elected president of the International Claim Association, who was on the Conference program, wore a golf cap at its sessions as a result of losing his hat, a brand new one, when the Claim Association convention was in progress. The case was put in the hands of the house detectives of the hotel, but without success.

## Gray Banquet Speaker; Golf Prizes Presented

V. Evan Gray of Toronto, chairman and counsel of the Canadian Casualty Underwriters Association and former superintendent of insurance for the province of Ontario, was the principal speaker at the banquet Friday night. His announced subject was "Accident and Health Insurance in Canada," but he touched on it only incidentally. His address was for the most part a review of the advances made in the formation of trade associations and organizations in various fields and the necessity for cooperation in all fields of business.

The humorous element of the program was furnished by Owen A. Smily, well known Toronto entertainer, who was especially well received.

#### H. G. Royer Presents Prizes

The prizes for the ladies' bridge, golf and bowling were presented at the banquet by H. G. Royer, chairman of the entertainment committee. The bridge winners were: First, Mrs. Fred S. Knight, New York; second, Mrs. Thomas F. Hickey, New York; third, Mrs. Ben Haughton, Dallas; consolation, Mrs. R. A. Gowdy, Westfield, Mass. R. A. Gowdy of the United Casualty had the low gross score in golf, 86. Verne Ray of the Hoosier Casualty, T. O. Parke of the Loyal Protective and James F. Ramey of the Washington Fidelity tied for low net and on the draw first prize went to Mr. Parks and second to Mr. Ramey. G. Donovan of the Southern Surety, Mr. Ray and Mr. Royer drew the lucky cards in the kickers' handicap.

George Braasch of the Great American Casualty led the bowlers, with C. N. Green of the Hoosier Casualty second and Chester McNeill of the Massachusetts Accident third.

## Complete Protection Available to Citizens in 29 States

*With its complete line of all forms of legal reserve Life policies—with Accident and Health policies providing full life indemnity—THE BUSINESS MEN'S ASSURANCE COMPANY is prepared to furnish the citizens of 29 states complete protection in the full sense of the word.*



*On Accident and Health Claims paid in 1926, the B. M. A. stands first among all companies doing a similar class of business in Missouri—Texas—Wyoming and Utah; Second in Kansas—Oklahoma—Arkansas and South Dakota; and Eleventh in the U. S. A.*

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**BUSINESS MEN'S ASSURANCE COMPANY**  
of America

W. T. GRANT, President

KANSAS CITY, MISSOURI



SPECIAL *Health & Accident Conference* EDITION

## WASHINGTON REVIEW

DEVOTED TO  
LIFE, ACCIDENT AND  
HEALTH INSURANCEPUBLISHED BY  
WASHINGTON FIDELITY  
NATIONAL INSURANCE CO.

VOL. VII

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EXTRA EDITION No. 37B

**Greetings** fellow members of the Health & Accident Conference! This special issue of the Washington Review is addressed to you and to all Health and Accident men past, present and future! It is our hope that this page of the Washington Review—which is our weekly agency publication—will convey to you something of the true spirit of the Washington Fidelity National.

G. R. KENDALL,  
President.

## Our New Ordinary Life Policies

It has been the ambition of the Washington Fidelity National to render to the public complete service along all lines of personal insurance protection, that is, in Life, Accident and Health Insurance. With the announcement of the addition of five new forms to our line of ordinary life insurance policies the ambition of our Company has now been realized. In the realm of personal insurance the Washington Fidelity National now reigns supreme. No other company in the world offers as varied and as complete lines of life, accident and health insurance policies as does the Washington Fidelity National.

We are sure that the good news of this progressive step in the steady forward march of our Company will be hailed with great rejoicing by every one of our representatives. As a matter of fact, one of the chief reasons for this great forward-looking action was to satisfy an insistent demand from our representatives in the field and from present and prospective policyholders for the type of life insurance protection covered by the five new ordinary life policies that we are now putting on the market.

The advantages that our men in the field have enjoyed because of the fact that they could offer their customers an unequalled line of life, accident and health policies, will now be greatly enhanced. No matter to what class of people or in what station of life the prospect belongs, and whatever his personal insurance needs are, the Washington Fidelity agent can fully satisfy him. He is an insurance merchant with the best, most up-to-date, and the most complete stock of goods on his shelves. No matter what the prospect's insurance tastes or the condition of his pocketbook, the Washington Fidelity National agent can completely fit him out along the line of "human being insurance," the most important kind of insurance in the world. That the response from the field will be enthusiastic and immediate, of that we are sure. To our great army in the field it is a command to Forward March! Who will be among the valiant First Five Hundred to go over the top?

## Ask Another!

1. What, next to agriculture, is now the biggest business in the world?
2. How old is the insurance business?
3. What company leads in Chicago in industrial health and accident volume?
4. What should every man contemplating writing insurance do?
5. What is a man's occupation?
6. What is meant in insurance by an "occupation hazard"?
7. Who was the author of "Poor Richard's Almanac"?
8. What is an insurance policy?
9. What is the name of the second largest industrial accident and health insurance company in the world?
10. What is the name of the chairman of the board and the president of this company?

Here are the  
Answers to These

1. The insurance business.
2. Insurance took concrete form in the reign of Ammuradi, Babylonian king, 2285-2242 B. C. Communities assessed themselves to pay the losses sustained by individual citizens when handiis carried off or destroyed their property.
3. The Washington Fidelity National Insurance Company.
4. Write to George R. Kendall, President, Washington Fidelity National Insurance Company.
5. His business vocation, trade or calling; that by which he habitually earns his living.
6. It is the danger to which the insured is exposed of suffering an injury or being taken sick in the actual performance of the duties of his occupation and from causes incident thereto.
7. Benjamin Franklin.
8. It is the printed, written, or both printed and written, contract of insurance between the insurer (underwriter) and the insured (policyholder).
9. The Washington Fidelity National Insurance Company.
10. Harry R. Kendall is chairman of the board and George R. Kendall is president of the Washington Fidelity National Insurance Company.

## WASHINGTON REVIEW

W. A. GRANVILLE, Ph.D., LL.D. - - - - - Editor  
Director of Publications

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Lines of Insurance Business Written by the  
Washington Fidelity National

Ordinary Life  
Intermediate Life  
Industrial Life  
Industrial Accident and Health  
Industrial Accident  
Commercial Accident and Health  
Monthly Accident and Health  
Group Accident and Health  
Franchise  
Automobile (Personal)  
Railroad Installment

WE OPERATE IN FORTY-SEVEN STATES AND  
THE DISTRICT OF COLUMBIA.



# Termination of Policies by Company Offers Big Problem

BY JAMES F. RAMEY

Secretary Washington Fidelity National

THIS subject, "Termination of Policies by Company," presents many problems which, like the poor, are "always with us." I would like to hear some of our sages discuss the following topics:

1. Under what conditions and for what reasons should a company terminate a policy?

2. When should waiver endorsements be made instead of termination of policies?

3. Effect of non-cancellable insurance on termination of cancellable contracts.

4. Effect of recent legislation tending to make all accident and health insurance incontestible after it is in force one year.

5. Tendency of several companies recently to remove cancellation clause, making insurance non-cancellable during the terms for which it is issued. Is

this misleading to the policyholder?

6. How can terminations at age 60 or 70 be effected?

**Likely To Lead Into Other Varied Fields**

I realize that there are many angles to this subject and quite naturally many divergent opinions. A frank and open discussion of the above phases may lead us far afield into a dissertation on such subjects as "standard provisions," "restrictive legislation," uniform policy provisions" conference advertising, state supervision and other allied subjects.

Perhaps the best way to start a discussion is to touch on some of the phases of the subject that we sometimes have to argue with legal lights, lawmakers or state departments, or even in a few cases with the insured himself.

**Fewer Terminations Now Than Ever Before**

In the earlier years of the business,

no doubt the right to terminate policies was abused, but there are fewer terminations by the companies now perhaps than ever before. Competition, as well as character and experience in the business, has had its beneficial influence.

It is not a well recognized fact that an insurance policy is a contract the same as a deed, or other instrument of writing, between two parties having legal and binding contractual powers. The layman too often thinks of one insurance policy being the same as any other insurance policy. He is not versed in the different provisions embodied in the various policies. He fails in many cases to realize that each particular policy is a separate and distinct contract.

**Insured Often Forgets Policy Is Term Contract**

He does know, however, that he can terminate his policy by failure to pay premiums. He is also cognizant of the fact that his physical condition must be represented to the company as being sound, in order to procure a policy. Too often he forgets that his accident and health policy is a term contract renewable at the option of the company. This lack of understanding sometimes presents problems for the underwriter who issues policies cancellable only at end of premium period.

Perhaps the most distressing termination problem (other than the lapse problem) are those cases where the condition of the insured becomes such, after the policy is issued, that the risk is not insurable and the company to save a big loss desires to withdraw from the risk. These cases are comparatively few, but unless carefully, skillfully and intelligently handled each risk so terminated becomes a potential "Red," an insurance radical, a protection anarchist.

**Business Conducted on Slender Margin of Profit**

The health and accident insurance business is conducted on a slender margin of profit, the taxes paid to our government, state, county and municipalities exceeding the amount paid in dividends to stockholders.

The business is hazardous to an alarming degree. We might properly liken the termination of accident and health insurance policies by the company to a like procedure of fire insurance.



JAMES F. RAMEY  
Washington Fidelity National

## As a Policy

of proper business relations between members of the Health and Accident Underwriters Conference . . . and serving as a standard of ethical conduct in the industrial accident and health insurance field . . . the Conference Code of Ethics stands as a protective bulwark against destructive practices and abuses, which, in the past, have tended to destroy public confidence in our business.

ance companies. What law maker, insurance supervisor or other legalized authority would question either the judgment or good faith of a fire insurance company that cancels a policy on a building that has become a bad risk by reason of its age, physical condition, occupancy or on account of the storage of gasoline, dynamite or T. N. T. in or near the risk?

Accident and health insurance is income protection—non-speculative. Fire insurance is property protection—non-speculative. The human factor enters into each transaction. An opportunity to defraud in one case is about as great as in the other.

**Real "Non-Can" Insurance Out of Reach of Masses**

Real non-cancellable health and accident insurance must of necessity carry a premium that is sufficient to pay not only the claims that are incurred by those who are entitled to that kind of protection, but it must also be loaded to carry those who slip through the meshes of medical examination and credit reports for the purpose of becoming pensioners for life of insurance companies rather than of the government.

These rates are necessarily out of the reach of the masses and while non-cancellable accident and health insurance, the aristocrat of the business, may fill a distinct need and is probably here to stay in one form or another, it has had a perceptible effect in creating the notion in some quarters that all accident and health policies should be in effect non-cancellable. If some company were to issue non-cancellable fire insurance policies, fire companies would be confronted with the same problem. The conditions that make a fire hazard are



analogous to those that create an accident and health hazard.

Is human nature any different when it reacts to income insurance than when it reacts to property insurance? Business depression and unemployment affect alike the loss ratios of fire companies and health and accident companies. It is generally agreed that most men are honest—that most men are fair in their dealing—that the property and person of all citizens are safe,—but we have never come to that point in human perfection where we may safely dispense with the courts, the police and the army.

#### Insurance Cost Increased by Restrictive Legislation

State insurance supervisors generally recognize that policy contracts may be entered into between company and citizen containing provisions that protect both parties to the contract, keeping in mind always that good laws are enacted and intelligent supervision is exercised, primarily to see that exact justice is done, that the weak shall receive protection against the strong, the honest against the unscrupulous. Restrictive legislation increases the cost of insurance and defeats the very purpose of those who would over-regulate the business. It is better for the masses that they continue to have the privilege of terminating their insurance by the failure to pay premiums and the company the privilege to cancel when the conditions justify.

#### Educational Advertising Advocated As Remedy

In my judgment educational advertising of the health and accident business, reproductions of same in pamphlet form, made attractive in colors but uniform,—distributed by the members of this organization and their thousands of agents, would solve most of our problems, stabilize our business, build and retain public

confidence and retard restrictive legislation and adverse departmental rulings. This advertising should frankly state the general terms of company termination rules, and other policy provisions on which the public needs enlightenment, give examples and tell the "why" of the various clauses.

If our business can not thus justify itself, it is high time we know it and do some elimination of restrictive clauses ourselves, raise our rates if necessary, and get on a justifiable basis. Throw the illuminating knowledge of the benefits of health and accident insurance on

the screen—we have nothing to be ashamed of.

An ideal situation would be a realm where no policyholder would claim unless covered under the terms of his policy; where claims would be materially reduced during unemployment because of the elimination of occupational hazards; where no policyholder would ever terminate his insurance by failure to pay his premium, and no company would ever cancel a policy; but alas, the millennium comes not to a business as youthful and complicated as health and accident insurance.

On that point H. G. Royer of the Great Northern Life said his experience has been that when a company tries to make an explanation of a cancellation, that is when the trouble starts.

#### Effect of "Non-Can" on Other Business

Mr. MacEwen was later asked as to the effect of the non-cancellable policy on other classes of business. He said it had caused very much trouble, although some had been anticipated. The reason he assigned is that the "non-can" is confined to a limited field and the large majority of those who are canvassed for cancellable policies do not come into contact with it. A similar view was expressed by E. C. Budlong of the Federal Life, who said further on the general question of cancellations that it was important to have some one more than a clerk pass on cancellations.

F. M. Feffer of the Abraham Lincoln Life said his company is doing some careful underwriting on all policies up for cancellation and has adopted the practice of offering accident only until some future time. He said his company felt the effect of the "non-can," even in the small towns.

Mr. Pauley said that the non-cancellable form issued by the companies whose representatives had spoken on the subject has little effect now, although it did at first, but that isn't the only kind. There is another company, he said, issuing a so-called non-cancellable form, which makes a general practice of sending out fac-similes of cancellation letters from other companies as an argument for its form.

James Victor Barry, vice-president of the Metropolitan Life, and John T. Hutchinson of Detroit, secretary of the Insurance Federation of America, "conventioners extraordinary," who very seldom miss a Conference meeting, were on hand as usual this time.

## Some Valuable Pointers Given On Cancellations and Waivers

SOME valuable information and suggestions on cancellations and waivers were brought out in the discussion of the address by James F. Ramey of the Washington Fidelity National on "Termination of Policies by Company."

C. O. Pauley of the Great Northern Life said that the tendency is undoubtedly toward fewer terminations and cancellations, but whenever there is a severe moral hazard he feels justified in cutting the policyholder off. This also applies in some cases to physical conditions. What to do with the man who gets beyond age, he said, is probably the greatest problem in this connection. The company carried him through all the years, and he complains that when he gets too old it cuts him off. He feels that he has been unjustly treated, although the action is strictly in line with the policy contract.

#### Continue Older Men for Accident Only

T. O. Parks of the Loyal Protective said his company's problems were some-

what different, due to the fact that up to a few years ago it wrote Odd Fellows only, and they were especially likely to advertise the fact that it had cancelled a policy. It is now writing a non-cancellable policy where the applicant wants to pay the additional rate. He said he had found an aggregate limit of say 65 weeks advantageous and also said the company had had some success in continuing policyholders at the higher ages for accident only, at the same rate.

D. C. MacEwen of the Pacific Mutual Life spoke of the effect of cancellations on the policyholder, stating that it creates a man in the community who is against the insurance companies generally. He considered that the form used had much to do with the effect. That formerly used by his company was drawn by the legal department and was very harsh in its phraseology. Now it has adopted the practice of writing a cancellation letter, making it as human in character as possible, giving the reason for the cancellation if it can be done and in any event making it friendly.

## OUR MOTTO:

*"A Square Deal to Everyone"*

Indiana's oldest and largest Industrial Life Insurance Company, issuing health, accident and industrial Life Insurance on the weekly payment plan.

Have paid to living policyholders in sick and accident benefits, over \$3,250,000.

**ASSETS OVER \$600,000.00 PAID UP CAPITAL STOCK \$3,000,000.00**

# EMPIRE LIFE & ACCIDENT INSURANCE COMPANY, INCORPORATED

CHARLES S. DRAKE, *President*

EMPIRE LIFE BLDG., INDIANAPOLIS



# Problems of Underwriting Considered

By W. G. ALPAUGH

Vice-President and Secretary, Inter-Ocean Casualty

ACCIDENT and health insurance has not reached a stage in its evolution as advanced as either fire insurance or life insurance. It is not so old as these lines. No uniform policy contract has been evolved. It deals with no medically selected group of policyholders. It indemnifies for no certain contingency such as death, and in contrast with life insurance, the indemnities themselves may vary greatly under identical contracts and for the same disabilities, depending upon the adjustment policy of the writing company. This the life insurance companies quickly discovered when they began to write the disability clause and found that the rates of disability for exactly the same disability clause varied as much as 100 percent among different companies. It insures against loss of income, which, to the eye of the company at least, is much less tangible than the physical property

He must carry out the policies of the officers of the company and by final results prove to them his underwriting ability. He must devise ways and means to accept most of the business offered by the agents of the company without involving himself in difficulties with the claim adjusters of his company. He has to satisfy several groups whose interests frequently conflict. The agent requests special consideration on certain applications, for business or personal reasons. In making his decision the examiner must be fair and considerate of this man in the field and at the same time sufficiently safeguard his company against excessive loss. The examiner is asked almost daily to pass an application on one who is over age, over- or underweight or one whose history would not justify acceptance for disability protection.

## Application Is Used as Basis for Decision

The application itself is the basis used by the examiner in making his decision. For the risk inherent in the person applying for insurance, the application gives information on sex, age, weight, height, color, past medical history and present physical condition. Experience has taught that the female risk is more hazardous on a combination health and accident policy than the male. This necessitates an increase in the premium to overcome the difference in hazard. The age of an applicant has a bearing as to insurability and also affects the premium charge. There is no uniformity in acceptance practices and premium increases for different ages, yet it is a known fact that above certain ages risks while still insurable become so hazardous as to necessitate an increase in premium if the coverage is to be granted at all. Experience has demonstrated that beyond certain ages complete disability protection may not be granted although it is possible to grant accident coverage alone. Weight and height are determining factors as to insurability. Definite tables as to over- and under-weight supply the needed information on this subject and experience has taught that it is advisable to follow closely these tables in the acceptance of business.

## Race and Nationality Have Important Bearing

Among the risks inherent in the person of the applicant may be those of race and nationality. It is well established that the Negro risk is more hazardous than the white engaged in the same occupation. Companies have discovered through experience the definite kind of policy contract which may be written successfully on Negro risks and it is one fundamental that monthly indemnities on these risks must be kept low. Some companies at least have determined from their own experience that they cannot profitably insure those who have come to the United States from certain foreign countries. This does not mean that it would not be possible to devise a policy and an underwriting plan for profitably covering those belonging to these nationalities, but it does mean that many companies have decided that the problems are such that for them at least, it is not worth while attempting to solve these problems.

## Medical History of Applicant Is Important

The risk inherent in the applicant may be shown not only by facts about the risk but by the medical history of the risk. All health and accident insurance (with the exception of non-cancellable

and a few special health contracts) is issued without a medical examination. Thus it becomes necessary to receive information from the applicant as to his past medical history and his present physical condition. Warranties on these points take the place of a medical examination and in a large measure determine the insurability of the risk. Where the application forms a part of the policy contract, any intentional misstatement that would materially affect the risk renders the policy void. In considering medical history and present physical condition, the application examiner may be guided by publications discussing this subject. But the man who has had experience in passing upon applications and who works in conjunction with the adjusting department, is in better position to judge as to the acceptance or rejection of such business than one who would follow the hard and fast statements expressed in these medical reference books. And while it is essential that the person passing upon applications have this rather fundamental medical knowledge, it is also advisable that upon unusual cases about which there is a question of uncertainty, the services of a medical examiner for consulting purposes be available.

## Risk of Occupation Must Be Considered

After considering the risk inherent in the person of the applicant, the application examiner must consider the risk of occupation. Here the examiner has for his guidance a very comprehensive manual. Were it not for the human element as manifested by the applicant and the agent, there would be little difficulty in determining the correct classification of a risk from this manual. But from the very beginning, this human element offers complications. First, the applicant himself is not likely to expose freely any hazardous duties which he performs. And the agents, even the honest and careful agents, are inclined to give the applicant the benefit of any doubt as to occupational classification. These difficulties appear in dealing with the trained agent. No amount of underwriting effort at the home office can completely eliminate the detrimental effects resulting from the untrained agent's lack of knowledge concerning the correct use of the manual and the principles involved in correct classification of risks. It is possible, however, to correct the unintentional errors on the part of a new or untrained agent provided he desires to be fair with his company and work to the interest of all concerned. The home office must endeavor to acquaint him thoroughly with the knowledge necessary to become proficient in interpreting the manual.

## Other Factors May Affect Hazards of Occupation

Assuming that the agent has been careful in classifying the applicant from the manual, it is still necessary for the examiner to exercise judgment as to acceptance of the risk. Thus, an occupation may not be hazardous on account of the duties which it involves but because of the associations sometimes connected with it. Proprietors and attendants in soft drink parlors and pool rooms are sometimes employed where associations are not productive of unusual danger but some of you may know that some of these proprietors and attendants sometimes violate the 18th amendment and come in contact with characters who terminate life deliberately but in a way which the courts tell us is accidental, so far as our policies

are concerned. Thus it has seemed that while the occupational risk may seem to be automatically solved by a manual, yet even here, there is range for use of the examiner's special underwriting knowledge and experience.

Companies long ago discovered that in addition to the risk inherent in the applicant and the risk of occupation, there was also a risk of location. Companies sometimes find it impossible to operate profitably in certain territories. Sometimes the territory may be of large area; sometimes it is a single town or even a single portion of the town. The examiner must know from the underwriting experience of his company where the risk of location bars acceptance of the applicant as a policyholder.

## Moral Hazard Must Be Considered by Examiner

Finally there is the moral hazard which is induced by the risk or from an



W. G. ALPAUGH  
Inter-Ocean Casualty

insured by the fire insurance company. All these factors have a very direct bearing upon underwriting in this field.

## Companies Jealously Guarded Their Underwriting Knowledge

Just as in the fire field, the accident and health companies until very recently have jealously guarded their own underwriting knowledge and even their loss experience so that the only way one might know something of the accumulated knowledge in this field was to enter the employ of one of the older companies and absorb the knowledge from daily contact with the problem of handling applications and deciding on operating policies. And even with the progressive step which we have taken in our Conference, that of pooling our loss experience, we have found that there remains the very distinct problem of applying the composite result to the underwriting in our own companies. In laying the underwriting foundation then for company success the present day underwriter must depend largely upon the knowledge which he has gained from contact with the business itself. While this is true of all classes of the insurance business, it is more especially true of the casualty lines and particularly accident and health. Although there is certain underwriting knowledge which is fundamental to our business and generally used, yet there is no "cut and dried" procedure that may be followed due to the multiplicity of underwriting problems to be solved by each individual company.

The application examiner becomes a veritable key to successful underwriting.



F. L. BARNES  
Sentinel Life

outside source over which he has no control. Here the examiner must depend largely upon the agent or upon an inspection report ordered after receiving the application itself. The application itself will not often disclose the moral hazard. To detect conditions affecting this hazard, or any hazard not apparent in the application, companies are more frequently turning to inspection of the applicant by companies making a specialty of this business. In determining whether to have an inspection made, they may consider the character of policy to be issued, the amount of weekly or monthly indemnities desired and the agent writing the business. Those policies which contain provisions providing that the policy is non-cancellable by the company during the term for which it is originally issued or during any term for which it may be renewed would be issued in many cases only after an inspection of the applicants. Our own statistics show that upon policies providing for indemnities in excess of \$100 monthly for total disability, the loss ratio is much higher than where the indemnities are below this amount. Other companies have had similar experience and this leads to the making of an inspection on all applicants applying for \$100 or more monthly indemnity. Applications written by agents whose business is of a questionable nature should all be inspected regardless of the indemnities involved or the character of policy to be issued.

In addition to the risk which may be gauged from the application itself, the



underwriter must always bear in mind the source of the application. He will soon know the type of agents from whom he is receiving applications. Some are exceedingly careful. Some are honest but extremely careless. Some are good salesmen but not so good at filling out the application blank. Some take a pride in establishing and maintaining a low loss ratio; others never give a thought to it. The source of the business then also becomes a factor determining the examiner's final action.

\* \* \*

#### UNDERWRITING MUST BEGIN WITH AGENT IN THE FIELD

High tribute was paid by many members of the Conference to Mr. Alpaugh for the thorough and comprehensive review of underwriting problems with which he opened the round table discussion on that subject, and his paper was ordered printed and distributed to the Conference membership.

In discussion the address, Frank L. Barnes of the Sentinel Life emphasized the point that from an underwriting standpoint the selection of agents was of the utmost importance. Unless the underwriting begins there, the work of the home office underwriters is greatly handicapped. He considered it essential to stress the use of underwriting principles by agents in the field.

#### Companies Guard Their Information Too Closely

He spoke of the tendency of some companies to guard their own information, pointing out the great benefits that would be derived if all companies writing accident and health insurance could be gathered into one organization and citing the work of the statistical bureau of the Conference as showing the advantage of cooperation along this line. He told of the advantages his company had found in the employment of a medical director, and mentioned the need for further study of the problem of increased premiums for advanced ages,

which constitutes an especial problem in the case of existing policyholders.

George F. Manzelman of the North American Accident told of the experience of his company with female risks and how it had helped in the introduction of the elimination period more generally. The experience on women had been so bad that the company offered them three options—flat cancellation, an elimination period for accident-only coverage. Most of them took the elimination period and that fact has served to

arouse a greater general interest in that plan.

Referring to the question brought up as to the occupation or standing of an applicant in the community, E. J. McCarthy of the Maccabees brought up the fact that the proprietor of a poolroom is rated as Class AA in the manual, but he questioned whether such a man should be written at that rate. Executives of several other companies stated that they did not so write that class of risks.

ferred to the omission of "external" and "violent" in connection with "accidental means" in the insuring clause. He stated that to the best of his knowledge no company had ever obtained a decision in its favor on the strength of either of those words, and the committee considered that the simpler the language the better.

#### Definition of Total Disability Question

Another objection raised dealt with the provision on total disability, requiring inability to perform "each and every duty pertaining to his occupation," with a suggestion that it be made "any occupation." He said that "any" would hardly satisfy the majority of the Conference members and that it was too narrow for the general commercial policy, although it might do for the laboring man, pointing out also that the courts had construed "any occupation" as one which a man's training and station in life fit him to perform. He further suggested that any company would be free to make such a substitution if desired.

Still another criticism related to the fact that there was no exclusion in the accident provisions of injury or loss contributed to by disease. He thought that the phrase in the principal sum provision, "without other contributing causes," was sufficient to cover that point.

#### Companies Not Expected to Abandon Old Policies

In referring to the effect which the adoption of the report might have, Mr. Pauley said he did not expect the companies to abandon their old policies and put out new ones with these provisions, and doubted whether any of them would do so immediately, but that putting the stamp of approval on them will be well worth while and will have increasing influence as the years go by.

D. C. MacEwen of the Pacific Mutual Life said he considered the report as

## New Standardized Wording of Policy Provisions Approved

THE approval of the conference for a standardized wording for certain important policy provisions, which has been under consideration for a year, was given at the Toronto meeting, following the submission of the report of the special committee having that subject in charge, which was presented by C. O. Pauley of the Great Northern Life, chairman of the committee, the other members being H. S. Bean of the Eastern Casualty and M. P. Cornelius of the Continental Casualty. The committee was appointed at the Gloucester meeting last year, after the subject had been brought up in discussions of the address given by Stewart M. LaMont, vice-president of the Metropolitan Life. The committee reported a suggested wording for the policy provisions in question at the March meeting of the conference in Chicago, but requested that final action be not taken at that time and that the members be requested to consider the suggested provisions and take up with the committee any possible improvement in the wording, with a view to making a final report at this meeting.

The only change made in the provisions reported and adopted at this time

from those suggested at the Chicago meeting was in the section dealing with accident indemnity, where instead of requiring that the insured be disabled "at once after the accident," the committee substituted the words "from date of accident." In explaining this change Mr. Pauley said that the latter wording had been adopted by the committee because of the fact that two supreme courts have recently decided that those particular words mean exactly what they say, which has by no means been the attitude of the courts in dealing with accident and health policy provisions generally.

The first case was in Missouri, where a man worked for three days after the accident, but died later. The court held that he was not disabled "from date of accident." The Kansas supreme court later adopted and approved the Missouri decision, although it had previously been held in Kansas that the word "immediate" in a similar provision had nothing to do with time and merely meant that the accident was the immediate cause of the death or disability.

In referring to some of the criticisms made of the suggested provisions, Mr. Pauley said that several of them re-

## Condensed Statement of Resources of Continental Life Insurance Co., St. Louis, Mo.

DECEMBER 31, 1926

<b>Assets</b> \$11,651,848.99	<b>Income, 1926</b> \$4,752,070.69	<b>Paid to Beneficiaries and Policy Holders since Organization over</b> \$8,985,000.00
<b>Capital and Surplus</b> \$853,194.57	<b>Insurance in force over</b> \$92,220,000.00	<b>State Deposits for Protection of Policyholders over</b> \$5,352,437.92
<b>Premium Income in Accident and Health Department, 1926</b> .....		<b>\$958,741.76</b>
<b>Gain Over 1925</b> .....		<b>124.4%</b>
<b>Premium Income in Accident and Health Department, June 30, 1927</b> .....		<b>\$552,685.19</b>

**LIFE**

**GROUP**

**ACCIDENT**

**HEALTH**

General Agents Wanted in Unoccupied Territories

**CONTINENTAL LIFE INSURANCE CO.**

**ST. LOUIS**

**MISSOURI**



# Southern Surety Company

DES MOINES, IOWA

## Casualty Insurance and Bonds

*"You Can Succeed With the  
Southern"*

## THE MONARCH COMPANIES SPRINGFIELD, MASSACHUSETTS

### MONARCH ACCIDENT INSURANCE COMPANY

Accident and Health Insurance for members of  
the Masonic Fraternity only. 26 years of ser-  
vice and growth. :: :: :: ::

### MONARCH LIFE INSURANCE COMPANY

Life insurance for members of the Masonic  
Fraternity and Order of the Eastern Star only.  
Ordinary, Endowment and Twenty-payment  
Participating Contracts.

DESIRABLE TERRITORY AVAILABLE IN SOME LOCALITIES  
IF INTERESTED, WRITE TO AGENCY DEPARTMENTS

unquestionably a step in the proper di-  
rection, giving a basis on which to  
work, although his company does not  
expect to be able to adopt the recom-  
mendations for all of its policies.

C. H. Munsell of the Monarch Acci-  
dent suggested that his company had  
found it desirable to add to the clause  
limiting the period for which indemnity  
shall be paid to "not exceeding —  
weeks," the words "for any one dis-  
ability."

#### Distinguish Between Cause and Result

W. T. Grant of the Business Men's  
Assurance stated that his company on  
advice of its general counsel had elimi-  
nated the words "independent of all  
other causes" from the insuring clause,  
as non-essential. It was pointed out,  
however, by Mr. Pauley and Mr. Bean  
that the use of those words is neces-  
sary to distinguish between cause and  
result. Specific cases were cited where  
death itself was the result of an acci-  
dent, but there were other contributing  
causes to the accident, such as disease  
or other conditions.

Mr. MacEwen asked as to the inclu-  
sion in the "not covered" provisions of  
disability or death from bacteria, citing  
the famous Christ case in Illinois, where  
it was decided that typhoid fever was an  
accident. Mr. Pauley said that question  
had been considered but there did not  
seem to be a general agreement among  
the companies on the subject and of  
course any company can add as many  
"not covered" provisions as it desires.

#### Send Messages of Regret

At the opening session messages ex-  
pressing their regret at being unable to  
attend the Conference meeting were  
read from G. E. Harsh of the Federal  
Savings and Commissioner C. C. Wy-  
song of Indiana, who had expected to  
accompany him to the Toronto conven-  
tion, and from President C. A. Craig  
and Vice-president T. Leigh Thompson  
of the National Life & Accident. Mr.  
Thompson, who has served as chairman  
of the executive committee for the past  
year, was unable to be present on ac-  
count of the recent death of his wife,  
and was greatly missed. President  
Craig had expected to attend, but found  
at the last minute that he would be  
unable to do so.

Although the first day's session was  
necessarily late in starting, due to the  
fact that many of those from Chicago  
and points west had just arrived, Presi-  
dent Grant set a new precedent for Con-  
ference meetings by calling the second  
day's session to order promptly at 9:30,  
the hour set in the program, although  
only about half a dozen members were  
on hand at the time.

## Legislative Committee Report on Recent Laws

By JOHN PATTERSON, Chairman

This report is supplementary to one  
given by this committee at the Chicago  
Conference meeting last March; most  
of the 1927 legislation affecting accident  
and health insurance was mentioned in  
that report.

One more so-called "non-cancellable"  
bill was proposed. Georgia House Bill  
No. 656 by Vandiviere provided that  
"all life, accident, health and fire insur-  
ance contracts hereafter made become  
incontestible after one year for any  
cause or causes arising before the mak-  
ing of such contract." This bill re-  
ceived an unfavorable committee report  
and died.

#### Unusual Condition in North Dakota

Previous mention has been made of  
the enactment in North Dakota of a bill  
amending Paragraph 3 of Section 6637,  
Compiled Laws of 1913. The law origi-  
nally read: "A provision that if a past-  
due premium is accepted after lapse,  
such acceptance shall reinstate the pol-  
icy in full." This was amended by add-  
ing a clause reading, "But the insurance  
so reinstated shall not cover any injury  
that may have occurred while the policy  
was in suspension." The intent of this  
legislation was to improve the condi-  
tions relating to reinstatement of acci-  
dent and health policies in North Da-  
kota, but through an error in using the  
word "injury" instead of "injury or ill-  
ness" this amendment limits such rein-  
statement conditions to accident-only  
policies and in effect serves to empha-  
size that combination accident and  
health policies are not covered by the  
amending clause. The situation thus  
brought about by this legislation is one  
that should be remedied at the 1929 ses-  
sion of the North Dakota legislature.

#### New Insurance Code to Be Proposed in Arizona

A new insurance code will be sub-  
mitted to the Arizona legislature, prob-  
ably at one of its special sessions this  
winter. According to information re-  
ceived some time ago, this code con-  
tained proposed legislation prohibiting  
the collection of a policy fee by an acci-  
dent and health company or even a  
larger initial premium than for subse-  
quent ones.

In reviewing the accident and health  
legislation introduced during the present  
year, this committee would direct your  
attention toward two tendencies, which,  
if permitted to develop in the future, will  
place severe handicaps on our business:  
(1) Proposals to increase insurance  
taxes, particularly premium taxes; (2)  
proposals to make all accident and  
health insurance non-cancellable.



TED M. SIMMONS  
Pan-American Life



JOHN PATTERSON  
Massachusetts Bonding



## Problem of Over-Insurance Is Topic at Round Table Session

THE round table discussion on "Over-Insurance" was opened by E. C. Budlong of the Federal Life. He said:

"Looking backward 20 years or more, I think you will all agree that over-insurance today differs from what we called over-insurance in the '90's. Comparatively few companies issue any large percentage of policies calling for more than \$100 monthly, with probably an outside limit of \$50 to \$75 weekly; \$25 weekly was for many years a unit of coverage, and few persons bought more."

"It is safe to say that the average earning capacity of salaried people and wage earners is much higher today than 20 years ago, and the majority of workers today receive more than \$100 monthly salary. Therefore, considering \$25 weekly as the average indemnity sold, I believe the risk of over-insurance is not nearly as great as in the past—and the present day underwriter is rather careful in his acceptance of applications calling for over \$50 weekly."

### Many Old Policyholders Decidedly Under-Insured

"In glancing through some old files recently, I was astonished to find many policies written 15 or 20 years ago calling for \$30, \$40 and \$50 per month still in force. Many of these people are under-insured, and in my opinion those who are carrying very small policies are much more likely to put in claims for several days more than they are entitled to, and it is difficult to make satisfactory adjustments with the man who is figuring on the basis of dollars instead of actual time lost."

"Companies writing newspaper insur-

ance with \$10 weekly indemnity, with a limit of 15 weeks, pay a good many claims for the limit on people who give very indefinite proof of total disability, and as such policies do not pay for partial disability, there is no way of easing off on the total by paying half indemnity."

"Those of you who were in business 'way back when' all accident policies were restricted to total disability cases will doubtless recall many claims which were overpaid in the attempt to concede a few days more of total disability indemnity to cover partial loss of time—when today it is comparatively easy to arrive at a reasonable amount for both classes of disability."

### Partial Disability Claims and Over-Insurance

"If a man can draw only \$25 weekly when totally disabled, and one-half of that amount upon very indefinite proof of partial disability, who will say that such a man is not over-insured or at least overpaid when his left wrist is bandaged, as compared with when his hip or skull is fractured."

"It is comparatively easy to check up on average incomes and avoid over-insuring them, but when men claim to be earning \$20,000 or \$30,000 yearly there is great danger of insuring against a loss which does not actually result from an injury or sickness. To pay a man \$100 weekly when his salary or average income is not cut off is certainly a dangerous practice, and revives memories of some very acrimonious debates on the floor of these conventions, started by advocates of policies providing indemnity only in cases where an actual proven loss of income was

furnished. Insurance is not intended to be a bonus for the man whose income does not stop, and if his indemnity is to cover loss other than loss of time, the policy should so provide."

"Last year in Gloucester I spoke of a special policy paying hospital and surgical benefits only, and while it is true that such policies doubtless give the companies an adverse selection, I do not think that we are any worse off than by cheerfully paying long claims for partial disability which does not result in actual loss of income. The criticism made by one of our guests at Gloucester who felt that any special coverage policy was undesirable is worthy of consideration."

### Question of Workmen's Compensation Claims

"There are other points in connection with over-insurance which some companies are meeting with more than others. I refer to the question of workmen's compensation claims, and the tendency of those who carry regular insurance to prolong claims in order to collect compensation benefits."

"Another problem which Mr. Thompson, who was to open this discussion, called up was one of company policy in connection with claims under policies issued by one company on a proper basis when another company has accepted the applicant for insurance, which brings the total up to more than the earning capacity. Query: Should both companies pro-rate the claim, or should the original company pay in full? In either event, if a readjustment is necessary as to future continuance of either policy, should both policies be reduced in amount, or should the last company cut down its policy or retire from the risk?"

"These cases are comparatively infrequent, but it would seem to me that the last company on should be the one to retire, instead of putting the first company in an unfavorable light when it was not over-insuring the case."

"I am referring only to cases of flagrant over-insurance, and not to cases where the combined indemnity is not greatly in excess of earning capacity, and here again it is not unfair to consider the actual loss sustained before assuming that the applicant is presenting a fraudulent claim."

"Loss other than loss of time is an entirely reasonable basis for insurance, and there certainly can be no reason why a man should not secure indemnity against hospital and surgical expense, regardless of the original indemnity, and if it is not practical to cover this under a special policy, it certainly is reasonable to specifically increase such special indemnities on any policy to a figure which will indemnify the claimant against loss without forcing him to over-insure his time in order to get this special protection."

"I am not advocating any of these features, but merely submitting them for discussion, because while there may be occasional cases of fraudulent over-insurance, I am rather of the opinion that a good many men who want adequate protection in case of serious loss and expense feel that they should have a right to buy what they can pay for, just as they do in life insurance, and that their intentions are not necessarily fraudulent."

### Elimination of Indemnity for First Week Desirable

"Here again is where the elimination of indemnity during the first week or two is desirable. The idea of 'sick and accident' insurance is different from the idea of providing a living income in case of permanent and total disability."

"Until we succeed in selling the agent on the elimination idea, he will continue to feel that we are taking something away from the insured and reducing commission earnings of the agent, instead of giving exact equivalents to the insured and an opportunity to the

CONTINUED ON PAGE 17)

FORTY-ONE  
YEARS OF SERVICE  
1886-1927

The North American Accident Insurance Co.

209 So. La Salle St., Chicago, Illinois

Oldest and Largest Company in America Writing  
Accident and Health Insurance Exclusively

District Managers and Representatives  
WANTED

Geo. F. Manzelmann, Agency Director

A GOOD YEAR TO CONNECT WITH A GOOD COMPANY



# Adjustment of "Rejectable Claims"

## Claim Practice Reviewed

BY THOMAS F. HICKEY

I HAVE had very little practice in rejecting claims, and still less liking for it. My time has been, and still is, devoted primarily to the business of paying claims, or in now and then trying to explain why there is no claim to be either paid or rejected.

Claims calling for adverse action are really minor incidents arising in the course of a very big and important job. However the fact remains that all of us in the course of our experience have to deal with claims which for one reason or another are properly rejectable, and according some elasticity to the subject assigned, "Claims Rejected," I am taking the liberty of treating it as meaning "Claims Rejectable."

### Conditions Not Covered

Your policy contracts, generally speaking, are promises to pay specified benefits for certain conditions or losses due to specified causes arising after the making of the contract. You do not promise benefits for losses already incurred nor for results from causes already established, nor do you intend to extend compensation to all sorts and kinds of conditions arising from causes not insured against.

If these truths were more generally understood and respected by those who apply for accident and health insurance, we might in some measure be relieved from the unpleasant task of dealing with three types of unjust claims, those involving (1) misrepresentation in application; (2) prior existing disease on which a sickness claim is predicated; (3) existence of disease or infirmity as an alleged injury.

If it is reasonably well established by investigation that in procuring the policy there has been deliberate misrepresentation respecting matters which have

some real bearing on the validity of the claim at hand, we ought not to permit the claimant to keep the policy or reap any benefit from it. Claims presented under a cloud of that kind should be disallowed, even though from a monetary standpoint it might be cheaper to pay than to disallow.

### Look into Sickness Claims Soon After Issue

As a protection to the honest policyholders, it is well to take a peek into the history of all sickness claims coming close on the heels of issue. The extent to which you will pursue your inquiry will perhaps depend somewhat on the character and standing of the claimant, but if the inquiry develops fraud you owe it to your company and to every honest policyholder to use every means at hand to defeat the claim and take up the policy.

This can usually be done if your information is correct. A letter to the insured asking him to explain why he failed to disclose in his application the points on which you rely will generally pave the way to an acceptance of premium refund. If he realizes from your letter that you know the facts, he will, in most cases, write some argumentative explanation as a reason for his failure to disclose, and of course seek to justify his position. His efforts along this line will amount to little more than an admission, and an attempt to justify his course, or as we say in pleadings—a plea of confession and avoidance. With your position thus strongly established you are ready to go ahead with such action as may seem equitable. In my experience I have had cases of this kind, and have been quite uniformly successful when dealing with them in that way.

### Need Provable Evidence of Prior Disability

We are not, in my opinion, justified in proclaiming misrepresentation in application on mere conviction that a disease reported soon after issue must from its nature and development have existed prior thereto. There should be provable evidence of prior disability or medical treatment, or an admission of such by the insured to justify his action.

Somewhat analogous to the cases which contain facts rendering the policy voidable and which are invalid on that ground alone, are those coming within the second and third types above set forth. I speak of those cases which are recurrences of some ailment which the applicant declares he thought too un-

important to require disclosure in his application, and those that come as a sequel of some disease or infirmity which had heretofore caused no disability and required no treatment, but which shortly after issue revealed themselves in a sickness claim or a claim of alleged injury. Into this class would fall the stomach ulcer, which for a long or short time prior to policy date produced a series of periodic attacks of dull gnawing pains after meals and was usually relieved by food or soda, and was accompanied by some belching; the appendicitis which had produced occasional attacks of pain in the right lower quadrant and was regarded as colic, but showed extensive adhesions on operation; the gall bladder trouble which had occasioned indigestion, nausea, headaches and occasional pains in the upper right quadrant. Also deviated septums, tumors, cysts, hemorrhoids, hernia, etc.

### Hernia "Subject to Will of Possessor"

A flareup of the appendicitis, the ulcer or the gall bladder disease now explains the significance of those previous symptoms. As to the hernia, you may safely say there was never an ailment so subject to the will of its possessor as a hernia appears to be. A certain sort of claimant can fix the beginning of that hernia to any date he wants, and it will stick there, and he can ascribe any cause that will seem best suited to the kind of insurance he has, and you have a problem on your hand in trying to prove anything to the contrary.

These may, however, be conditions from which insured never had reason to anticipate or fear any developments. Yet, if they or their cause existed prior to the issue of the policy, they manifestly are not covered. If you hold them rejectable you do so under the insuring clause, or some exclusion clause contained in your policy. They are difficult cases to deal with, especially as the question of sincerity and good faith are so hard to decide.

### Frank and Friendly Discussion Urged

I am sure you all feel some hesitancy about incurring the displeasure of any upright policyholder by rejecting his claim simply because there is some provision in the policy that gives us a legal right to do so. We should be sparing of our rejections, and when we must make them, we should seek to

(CONTINUED ON PAGE 13)

## Discuss "Claims Paid"

TWO round table discussions on claim topics were included in the program for the Toronto meeting, the one on "Claims Rejected" being introduced by an address by Thomas F. Hickey, superintendent of claims of the Metropolitan Life, and that on "Claims Paid" with a talk by Louis L. Graham, chief adjuster for the Business Men's Assurance and newly elected president of the International Association.

Mr. Graham, who was not notified that he was to be on the Conference program until the last minute, and had not had time to prepare a formal paper, spoke of the interest which claims paid have for the agency force, as they always mean more business for the agent. In taking up claims of a questionable character, he touched especially on malingering and fraudulent claims.



L. L. GRAHAM

### Malingering Hazard in Life Indemnity Cases

Malingering is found to be an especial danger in connection with health policies paying life indemnity. When a man has been off duty for six months or more, it is hard to get him back to work again. The condition is especially found among men well along in years, particularly with those whose business is in good shape and does not demand their immediate attention; in cases where there is no definite diagnosis, and worst of all in cases of over-insurance. A man may be too nervous to run his business, but can go to Florida and play par golf, and so long as he is following his doctor's advice, it is difficult to avoid paying the claim. Mr. Graham said there is no way to prevent malingering, so far as he has discovered, but in some cases he has found that it does some good to go to a man and let him know frankly

## THE HOOSIER CASUALTY COMPANY

INDIANAPOLIS, INDIANA

An Indiana Company and a Stock Company Writing

ALL COVERAGES ON AUTOMOBILE AT LIBERAL PREMIUM RATES

Also

ALL FORMS OF HEALTH AND ACCIDENT INSURANCE

CAPITAL, \$100,000.00

ASSETS, \$375,000.00

GOOD CONTRACTS TO REAL PRODUCERS

C. W. RAY, President



that in the opinion of the adjuster and his own associates he is malingering.

#### Fraudulent Claims Only Small Percentage

Fraudulent claims, he said, fortunately constitute but a small percentage of the whole. He held that all claims that are clearly fraudulent should be fought to the limit, and if they are settled at all it should only be for a small amount and to avoid a court decision that might set an unfavorable precedent. In cases where there is a disagreement as to the cause of death or disability, after a careful study is made of the facts, it may often be better to make some compromise.

He closed with a reference to the need for cooperation among companies and adjusters and pointed out how greatly such cooperation had been advanced through organizations such as the International Claim Association.

#### One Paid; Money Used to Sue Other Company

In discussion of Mr. Graham's talk George Smith of the Loyal Protective also stressed the need for cooperation, citing a case of which he had been told since arriving in Toronto, where two life companies were on a claim. Although there had been some conference on the case, one company made an adjustment and the claimant as a result had enough money to carry on a suit against the other.

N. L. Criss of the Mutual Benefit Health & Accident told of an unusual malingering case, which emphasized both the need for cooperation and the danger of over-insurance.

#### Hickey's Address One of Features of Meeting

Mr. Hickey was the only man from outside the Conference ranks who was on the program for the regular business sessions, and his address was one of the outstanding features of the meeting, taking rank as a presentation of the

claim end of the business with the review of underwriting problems given at Gloucester last year by Stewart M. La Mont, his fellow official at the home office of the Metropolitan Life.

He said that he preferred to make his topic "Claims Rejectable," thus making an important distinction which was readily appreciated by his hearers. He emphasized the importance of a thorough investigation of all claims which might be regarded as in any way of a questionable nature, reviewing the follow-up methods used by his company and giving some very valuable suggestions on claim work in general.

#### Companies Too Careless in Matter of Investigation

Mr. Hickey's talk was given as the last item on the program Thursday and because of the lateness of the hour at which it was concluded the discussion of it was deferred until Friday morning, opening that session. H. S. Bean of the Eastern Casualty said he was especially impressed with the fact that practically all claims are given more or less investigation, and held that the companies are inclined to be too careless. Any claim that looks all right is put through as a routine matter, when many times it turns out to be something different. He also praised the use of the word "rejectable," stating that the most trouble is caused not by the large claims so much as the almost infinite number of small claims that get by because it is not thought worth while to look them up.

#### Urges Securing of Full Information on Applicant

Sam C. Carroll of the Mutual Benefit Health & Accident referred to the friction that is often caused between a good claim man and a good producer by claim investigations and suggested that this could be minimized by urging the agent to get full information on the applicant when submitting the application.

President Grant spoke of the state-

ment made by Mr. Hickey that the best men in the claim department are put on cases involving about 10 per cent of the policyholders who are in the undesirable class while claims from the 90 per cent of good policyholders, whose good will it was important to retain, were often carelessly handled by inexperienced men. Mr. Grant said it had been the practice of his company, as of probably almost every other one, to break in new men on the smaller cases, but that he was going to see to it that there was a closer supervision of these younger men, in view of the importance of "saying it right" when dealing with a claimant.

#### ADJUSTMENT OF REJECTABLE CLAIMS (CONTINUED FROM PAGE 12)

convince the claimant by a frank and friendly discussion of the facts that we have good and sufficient reasons for doing so.

We have thus far spoken only regarding claims growing out of disease and infirmity existing prior to the issue of the policy. If the whole gamut of such could be wiped away we would still have our serious problems. We have ever with us the fake claim, the exaggerated claim, the vacation claim, the accident claim without an accident, the malingering claim.

#### Purely Fake Claims Not So Frequently Attempted

The purely fake claim is not so frequently attempted now as it was in the earlier history of accident insurance. I mean, of course, those cases that are staged from start to finish to collect some big stake for an accident that never happened and an injury that was never received. No matter how carefully the plans of such a case are laid, there is almost sure to be some important element overlooked that will spoil the whole show.

It behooves us to dig deep into the facts of those cases where there is a recent loading up of insurance followed by an alleged serious injury from some occurrence hardly capable of producing that kind of result. When it is evident that the claim is wholly fraudulent, we should by all means definitely oppose it and refrain from inviting or considering a compromise.

#### Petty Fakes and Exaggerated Claims More Numerous

Along with these larger cases we have ever with us the petty fake claims. They are fairly numerous; they frequently crop up about premium due date. They are pestering things to contend with. You just have to deal with them on their own facts as they arise. There can be no formula adopted.

Exaggerated claims might more properly be called exasperating claims. You admit there is a proper claim for some amount, but what amount? You want to accept it in part and reject it in part, and the insured does not quite understand how you can be so mean when you have so much money, and he promises to tell all his friends and neighbors that your company is not liberal and you will not be able to do business in his community any more.

The honest policyholder often needs to be guided to a proper understanding of what he is entitled to claim under the facts of his case. He is usually receptive to advice as to the coverage of the contract and the meaning of total and partial disability if the advice is imparted to him by a friendly approach, and by one who can and does treat the matter as a simple business proposition. He wants only to claim what he is entitled to, and that is all he will claim if correctly informed. On the other hand, you must keep a close check on the policyholder who shows a ready disposition to exaggerate in order to get

# MINNESOTA COMMERCIAL MEN'S ASSOCIATION

A MUTUAL ORGANIZATION WRITING HEALTH AND ACCIDENT INSURANCE

Only for preferred risks of commercial and professional men

No agents employed

Protection furnished at actual cost—not operating for profit

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\$9.00 for Accident Insurance      \$12.00 for Health Insurance

Principal sum \$5000.00 for loss of life or other specific losses

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In addition, our agents have a full line of regular Accident and Health and Life policies, with all the modern improvements.

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Any agent not under contract and seeking a connection where only his ability and willingness to work will limit his income, will receive full details of our proposition if he will send us his name and address on the lines below.

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R. A. GOWDY, SECRETARY

all he can. Some check-up is advisable on all claims.

#### Wrong in Principle to Pay Money Not Due

I am sure that none of us here would be at all in sympathy with the idea of shaving claims, nor would we sanction any tendency of our representatives to reduce claims for the mere purpose of reducing the loss ratio, but we believe it wrong in principle and bad for the business of insurance in general to pay policyholders money they are not legally or morally entitled to, and which they have claimed either through ignorance or with intent to cheat. These are rejectable claims so far as concerns the amount not due, and occasionally you may find it necessary to disallow the claim as a whole on some legitimate ground in order to make the insured see the advisability of taking what is rightfully due him.

#### Vacation Claim Is Always Big Problem

The so-called vacation claim is a thing we would like to turn back as soon as it appears. You recognize it readily from the usual showing of one or two calls at a doctor's office and a diagnosis of neurasthenia, mental depression, melancholia, sleeplessness, overwork or nervous breakdown, and a recommendation to go to the country or the shore for a few weeks. The condition existing before his departure would not entitle him to make claim, and often he admits that, and assuming that the condition is improved by the trip, he surely has no basis for a disability claim except on the much abused theory that he cannot do his work while away at the shore. In many of these cases, the attending physician means to be honest. He may have his doubts, but if he has, he is not going to tell you about them.

These claims are fraudulent and, of course, rejectable, but you must be prepared to prove the fraud. This is hard to do unless you can show some activities entirely inconsistent with total disability. We may try of course to impress on the insured the fact that his condition was not a sickness from disease, but merely evidence of the need of a vacation and recreation common to all. Occasionally we succeed, and when we fail the safest remedy is to settle as cheaply as possible and get off the risk, for allowance of one such claim is almost sure to establish a habit.

#### Claims That Have No Accident as Cause

The claims that are most vexing, and at the same time the most interesting, and which call for all the mental resources the claim man has at his command, are the claims for bodily injury with no accident as a cause. I include, of course, those cases in which the insured describes a cause which to his way of thinking is an accident. These cases bring into operation the question of accidental means. On this subject text writers have written volumes, and courts have for more than 50 years been trying to tell you what it means, and you do not know yet how any court is going to hold on any given statement of facts. It is far from my purpose to attempt any discourse on that big subject. I feel prompted, however, to recommend that you use every reasonable means to keep the subject of accidental means out of court. One need only to select at random a few court decisions on that subject to be convinced that when there is any controversy over the question of whether a given cause or act was an accident, it will be more expedient and economical to thrash the question out with your claimant and come to some settlement.

#### Correct Knowledge of Facts Best Foundation

Covering all phases of claim work, the best foundation on which to base a conclusion as to whether a claim should

be rejected or may be approved, is a correct knowledge of the facts. Did the insured acquire the policy honestly? Was he disabled as he says he was? Was it due to the cause he describes? Was the alleged accident an accident in fact? We are all paying a good many claims without close examination of these facts. We are cognizant of what facts would justify our paying those cases, but we have chosen to assume from casual observation that they exist. Of course, no harm can result to the policyholder from this practice, but let us be careful about rejecting a claim without close examination of the facts, or on the assumption from a casual observation that all is not well. Such practice is apt to work an injustice to the policyholder and damage the company's reputation, besides involving it in unnecessary expense and controversy. Manifestly some inquiry into the truth of the facts alleged is necessary if we are to know what we are doing when we pay or when we reject.

#### Great Majority of Policyholders Honest

It is not my wish to infer that I believe all or nearly all claimants are prone to dishonesty. On the contrary, I am convinced that the great majority of insurance policyholders are honest and want to be on the square in their dealings with the company. I believe that is the spirit shown in more than 90 per cent of the claims handled, but if you do not have some intelligent and effective means of checking all claims, how are you going to separate the dishonest claims from the 90 or more percent of honest ones? You have to have the facts of a good claim to know it is good. You have to have the facts of a bad claim to know it is bad.

#### Good Will of "Boosters" Important to Retain

You agree that the questionable case should be delegated to one having much experience in negotiating adjustments, a good personality, lots of ability, patience and diplomacy, but what is running in your mind as to the caliber of the man needed to handle the accounts and details in connection with the 90 or more percent of claimants whose claims are subject to payment without fuss and without controversy? Can you with justice to yourself and your policyholders select men of less ability or diplomacy to represent your company in connection with what constitutes more than 90 percent of its best business? Are we too ready to delegate our best talent to the handling of the 10 or less percent of questionable claims, leaving to the inferior man the job of dealing with the 90 or more percent of the business which we are most anxious to keep on our books? There is hardly any room for doubt as to which of these two groups of policyholders is the most important to the welfare of the company. Notwithstanding the saying that it is easier to destroy than to construct, do you not agree that the good will of 90 or more boosters is a greater force for good than the enmity of ten or less can be for harm?

Let us, as we go along, keep awake to the obligations imposed upon us by the fiduciary character of our important work, and strive to keep our balance in the face of the bigness of our task, to the end that we may render justice alike to the many who are honest, and the few who may prove otherwise, and do all we can to create between our policyholders and ourselves an atmosphere of friendliness, founded on high ideals and business integrity, and keep alive the hope that the day will come when every honest man, whether he be judge, jurymen, doctor, lawyer or policyholder, will sanction our will and purpose to conserve our resources for the benefit of those who are entitled to them.



# Agency Organization and Management

## Yardstick Unavailable

BY E. J. FAULKNER

EVERY agency manager knows that there is no defined method of measuring the qualifications of insurance salesmen and no fixed rules by which their selection may be regulated. We have learned from experience that the most unlikely looking fellow may prove high man on the sales force.

My observation leads me to believe that very few health and accident companies attempt in any way to exercise any selection whatsoever when it comes to choosing their salesmen. Any man, unless he is a marked crook or black-guard, who makes application for an agency, is almost always accepted by the first company with whom he gets in touch. There is no selection. In fact agency appointments are largely a free try-out for all applicants.

### Trained to Sell Accident; Can't Sell Health

For many years I have been agency manager for a company which has for nearly 40 years confined its business to straight accident insurance. This company has never issued a health nor a combined health and accident policy. Consequently its salesmen have been trained to sell accident insurance exclusively.

Some 12 years ago I was instrumental in organizing another company specializing in health insurance. This company was licensed in a number of the states in which the accident company

has been operating and the agents of the old accident company were authorized to represent the new health company and urged to sell health and accident insurance in combination. Much to my surprise and in spite of the fact that these same salesmen had been clamoring for a health proposition to handle jointly with the accident they seemed unable or unwilling to sell health insurance either alone or in combination with accident. Men who had for years been heavy accident producers told me they could not sell health insurance nor sell a health and accident combination. Only in a few isolated cases have the "old guard," specialized accident salesmen, made a success of selling the combined coverage.

### Easy to Eliminate Health if Desired

It has been necessary to train men to sell health insurance. This information may be a surprise to some managers who maintain that the greatest grief in the business is the health end. I have heard many claim auditors and agency managers say that 90 percent of the grief of the business was in the health coverage and that if health insurance could be eliminated from their worries their lives would be made happy. To those of you who feel that way about the health insurance business, the remedy is in your own hands. You can eliminate the health business if you so desire without greatly affecting your accident volume. Accident insurance can without difficulty be sold exclusive of health insurance.

So far as I know, salesmen have very few common qualifications. About the time we decide that married men be-

tween the ages of 30 and 50 are "it," along comes a youngster of 23 and tops the production list. Even the test of education as a qualifying measure fails completely. Until such time as some system or rule may be evolved to solve our problem I can see no other course open but to continue with our free-for-all try-out method.

### Difficult to Map Out Instruction Course

I know that a number of the companies, members of this Conference, maintain schools of salesmanship at their home or branch offices and that they have found these schools to be profitable institutions. I am a firm believer in the idea and our company has under consideration establishing such a school. When such a school has been established the first problem to be confronted will be, of course, the selection of students.

One peculiarity common to all health and accident sales forces is that the salesmen are drawn from all the varied walks of life and are composed of men who enter the health and accident insurance business at all ages without previous experience in the line of insurance selling. The fact that our salesmen are drawn from such varied walks of life and number among their ranks men of all ages, is one of the reasons which make it difficult to map out a course of instruction applicable to all.

### Fundamentals to Be Impressed on New Man

There are a number of fundamental instructions which should be impressed upon the minds of every new salesman.

(CONTINUED ON PAGE 16)

## "Drifters" Undesirable

MOST of the discussion on "Agency Organization and Management," introduced by E. J. Faulkner of the Woodmen Accident, centered on the question of hiring men formerly employed by other companies and Mr. Faulkner's statement that the best results can be obtained by agents trained by a company and thoroughly imbued with its ideas.

R. M. Rowland of the National Casualty declared that every company should decline absolutely to appoint an agent it knows it should not, hoping to reform him, and should live up to the spirit as well as the letter of the Conference Code of Ethics.

Chester McNeill of the Massachusetts Accident spoke of the fact that the small company has one advantage in dealing with its agents, in that it has a closer contact with its men.

### Circularizing Agents of Other Companies Condemned

The practice of circularizing agents of other companies was condemned by E. C. Budlong of the Federal Life, who said, however, that it is rather flattering to a man and makes him feel he has a part in time of storm, and by C. R. Clements of the National Life & Accident, who said his company will not employ an agent of another company for six months after he has left it, and does not favor such agents at any time.

Ted M. Simmons of the Pan-Ameri-

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DEATH BY ACCIDENT \$1000	TOTAL DISABILITY \$100 A WEEK
LOSS OF ONE EYE \$250	PARTIAL DISABILITY \$25 A WEEK
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What **2 1/2¢** A DAY will do

Farm work is hazardous. Our farmers are in seriously injured each year. You always run the risk of a fall, cut, sprain or a nail, being injured by a machine or kicked by a horse. Who will pay the bills for doctor, medicine and extra help? Why take chances when the small cost of a Woodmen Accident policy will save you a lot of money when an accident comes?

In 10 years the Woodmen Accident Company has paid policy holders over \$1,000,000 for accidents and expenses. And every policy holder will get no less than \$1000 full payment of claim.

You simply can't afford to own your car and not have a Woodmen Accident policy. It's too good! Look at the amount the company's cash reserve has now for the purpose of paying claims. You can have the same protection. Get a Woodmen Accident policy today. Get the full details of your policy. Get the full details of your policy. Get the full details of your policy.

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Please send me details of your accident insurance policies.

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Occupation \_\_\_\_\_  
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THE greatest need of the insurance business today is a better understanding among insurance buyers as to what insurance really is and how it may best serve the individual who employs it.

This Company is a pioneer of accident insurance advertising through the Farm Press. Every week our advertisements appear in eight leading farm papers throughout the middle west. Over five million readers weekly. You will be interested in knowing how advertising of this sort is supplying actual prospects for our salesmen and assisting them in many other ways to secure a greater volume of business.

Without obligation, please supply me with full particulars concerning your agency agreement.

(Tear out this ad, send it with your name and address to the Company.)

**Woodmen Accident Company**  
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**TRAVELERS EQUITABLE  
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MINNEAPOLIS, MINNESOTA**

**G. LINDQUIST, President**

**LIFE—HEALTH—ACCIDENT**

**WE ARE THIRTY-FOUR YEARS OLD**

can Life said his company, which has had a large number of part-time agents, is planning to do away with them very largely, as it has found that part-timers do not have the standing it feels its agency organization should have, and further that they are largely fair weather producers.

#### Plan Works Best Where It Was Formulated

H. G. Royer of the Great Northern Life said that while some company officials have worked out definite ideas and definite programs which have been highly successful in their own organizations, a plan works best in the company where it was formulated, with a view to meeting the particular situation in that company, and that no other company can take that plan and use it with the same success.

Borrowed ideas should be adapted, rather than adopted—adapted to the peculiar and individual needs of the companies using them. No two companies conduct their business along exactly parallel lines. Personalities of the officials are different. A successful plan must be worked out to fit the personalities of the officials that are to direct it. Originality is one of the keys to success.

#### Sends Big Producer Out to Train New Agents

He told of the action taken recently by his company in sending its largest personal producer out into the field to contract with new salesmen and teach them his methods. This man takes charge of an actual sale and shows the new man how it is done. A large number of successful agents has been secured for the company, without suffering a loss in production due to directing his principal efforts away from personal production. The company is now getting more business from the men he has trained than it would be getting from him, and soon this business will amount to many times what he could produce personally. Mr. Royer admitted that such a plan would not always work, as the man who is a big producer is not always able to tell the other man how it is done. He expressed the belief that too many companies are putting only average men into the field as supervisors because they are willing to pay only average salaries, and therefore are having only average success.

He spoke of the effect on the agent of the rejection of applications, which means a financial loss to the salesman, and said that when this has to be done it is his practice to write the salesman a personal letter in regard to the case. The salesman meets all classes and if he has been selling to the wrong people or by tricky, bulldozing methods, he shows himself undesirable.

#### AGENCY ORGANIZATION AND MANAGEMENT

(CONTINUED FROM PAGE 15)

In the first place before a new salesman is permitted to have a rate book he should be impressed with the dignity of the insurance business and his attention directed to the fact that the insurance business is the "shock absorber of civilization"; that if the business of insurance were to cease operation for even one day every other business of the country would be upset and confusion and turmoil result; that no longer is the insurance agent classed as the pest he once was, in the same category with book agents and corn doctors.

The business of insurance is scientific and technical and for this reason calls for positive, unqualified and truthful representation. The rate book is an insurance salesman's Bible to be followed implicitly. Moreover the new man should be impressed with the importance of following the classification of risks and he should be given to understand that the application is not a mere order blank but the basis of a contract which may be in force for many years.

I believe that one characteristic common to most men who enter this business is the desire for a very large block of territory. Frequently the prospective agent accompanies his request for a job with a demand for the privilege of working at large over an entire state. This method is wasteful as it causes loss of time and entails an outlay of money for traveling.

#### Happy Medium in Matter of Production

Another principle which should be stressed is that there is a happy medium in the matter of production. High pressure business does not pay. A steady and consistent growth is the thing desired. In 1925 our company wrote the greatest gross volume of new business of any year in its history. We had made a consistent gain in production every year since our organization but in 1925 we leaped far ahead, writing a 20 percent greater volume of new business than we did in the following year of 1926. However, the year 1925 was out of proportion in the matter of increased lapsation. Therefore, at the beginning of 1926 we took as our slogan "Quality rather than quantity" with the result that at the close of business in 1926 we had made the greatest net gain of any year in the business and in spite of the fact that our gross business for the year was 20 percent less than the year previous.

#### Many High Pressure Salesmen Eliminated

During the past year we eliminated from our sales force a number of high pressure salesmen. Needless to say we



**E. J. FAULKNER**  
Woodmen Accident



**H. G. ROYER**  
Great Northern Life



were eminently satisfied with the results regardless of the fact that on the face of things we should have been greatly chagrined to find that our gross production had fallen below that of the previous year.

The fact that all agents should be bonded goes without argument. It is a sensible business practice the country over to bond all persons who handle funds of others. The moral effect of a bond is great and no agent should be permitted to start business until he has signed an application for a bond. And in my opinion the agent should be required to pay the bond premium.

#### Cooperation Between Companies Needed

In my opinion one of the weakest situations in the business is the decided lack of cooperation between our various agency departments. Competition for agents and business is so keen that agency managers in their eagerness to add to their forces will, as heretofore pointed out, contract with almost any man who comes along. And despite the prevailing opinion in some quarters that the agency managers of today are above enticing away the salesmen of their competitors, that practice is still prevalent, as is evidenced by numerous letters in my files addressed to our salesmen from agency managers of other companies, including members of this Conference, offering all kinds of inducements to transfer their allegiance.

#### Code of Ethics Must Apply to All Alike

If the Code of Ethics of this Conference is worth the paper it was written on it must apply alike to all. I cannot disregard it and expect the other fellow to live up to it. There is only one honorable course to pursue in the event an agent already under contract with some company applies for a position and that is to communicate with the agency department of the company by whom he is employed. I believe in endeavoring to convince such agents that their best course is to continue with their original companies. If there has been any controversy or difference of opinion point out to them that it is to their interests to endeavor to come to an understanding with their agency department. Personally I do not want the other fellow's agents. I prefer to mold salesmen for our organization from the raw material. You will find that by consistently refusing to take on agents employed by other companies a great many of the evils of this business can be eliminated. When agency managers realize the necessity of a close cooperation in these matters and adhere strictly to the spirit of our Code of Ethics our grief will be greatly minimized.

As a general rule a man who has been trained in the ways of any one particular company is a greater asset to that company than any other. More-

over such an agent has a greater chance, in most cases, of success by remaining loyal to some one particular company rather than in switching about.

#### Method of Handling Agency Organization

As to the manner of handling an agency organization, any legitimate system, which works, must be approved. It depends largely upon the kind of business. Most of the member companies of this Conference do a large business in the cities. Consequently they must have local agencies. The company which confines its business largely to farmers will find the local agent in a small town a stumbling block to progress because there will not be enough business in the community to keep him going full time, and he acts as a sort of "dog in the manger" to the full time block man who makes the town. Therefore, the best method for the company writing largely farm business, and working only in small communities is to employ only full time agents and assign a number of counties, appointing no local agents.

#### Much Progress Noted Over 20-Year Period

We know there are still many evils in our business yet to be corrected, not the least of which may be charged to lax methods of agency organization, but we do progress. We may not be able to note any marked progress in any one year but when we look back 20 years and recall some of the conditions then existing we realize we have traveled a long way.

#### OVER-INSURANCE TOPIC AT ROUND TABLE SESSION (CONTINUED FROM PAGE 11)

agent to properly insure the man with an equal chance to equalize, if not increase, commission earnings.

"The elimination of short and trifling claims will dispose of some of the so-called problems of over-insurance by reducing the number of cases. That there is great danger of over-insurance on cases where earning capacity falls off as the policyholder grows old cannot be denied, and here again is another topic for discussion."

#### Discussion Centers on Question of Pro-Rating

The discussion of this topic was confined very largely to the question of pro-rating, the general view of those participating being that the pro-rating clause was seldom likely to be called into use, although the danger of large aggregate indemnities was stressed by some of the speakers.

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An Agent meets every sort of competition. He needs an Argus Chart in soliciting. "I don't know" is a poor answer when he is asked about any kind of a company. HE IS EXPECTED TO KNOW—or to be able to tell. He CAN tell about ANY kind of a company if he has an Argus Chart.

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"Twice as many Companies"

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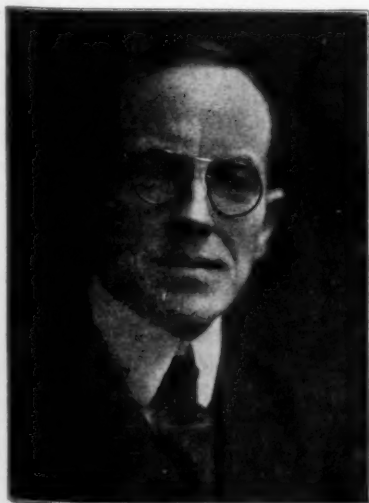
If They Have It Then, You  
Will Have to Sell It to Them

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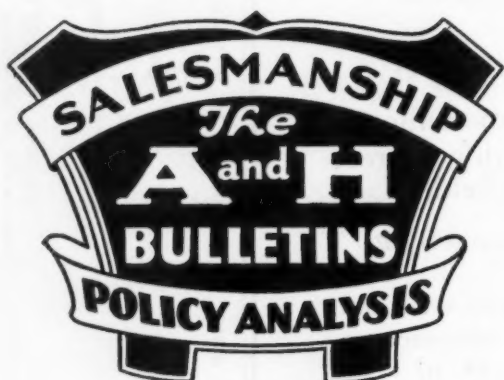
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"The A. & H. Salesmanship Section—A most excellent series of sales bulletins is put out under the above title by The National Underwriter Company of Cincinnati, Ohio."

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"The reading of your Bulletins and the use of the Policy Analysis Section is of great assistance in my work and a great help to our agents."

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## Ontario Superintendent Tells Insurance Conditions in Canada

GREETINGS were extended at the opening session Thursday by the insurance superintendents of two Canadian provinces, R. Leighton Foster of Ontario, who was on the program for the address of welcome, and J. P. Dougherty of British Columbia, who happened to be in Toronto on his way home from an eastern trip. V. Evan Gray, former Ontario superintendent, preceding Mr. Foster in that position, who was the banquet speaker Friday night, was also introduced at the first session, but did not make any talk at that time.

### Reviews Development of Business in Canada

Mr. Foster gave a very interesting review of insurance conditions in Canada, particularly in the accident and health field, which showed a notable grasp of the business and an intimate knowledge of conditions across the border as well as in the Dominion. He said that health and accident, or accident and sickness insurance as it is officially known in Canada, is the oldest form of insurance in the Dominion, the first railway accident policy having been written by the Travelers in 1865. In 1867 the premium income from that line was not more than \$20,000, while this year the premium income will be in excess of \$40,000,000. In Ontario alone the premiums last year on the separate and combined forms of coverage aggregated \$2,554,000 with losses of \$1,227,000.

He referred to the development of casualty insurance from the time when accident and health was the only line so classed, to the 24 branches written at the present time. While in the earlier days companies were usually organized to write special lines, now most of the fire companies write casualty and the casualty companies fire business, following the English practice, and the merging of these lines, he said, has raised some unique problems of underwriting and supervision.

### Supervision Comparable to That in United States

In reviewing the development of insurance supervision in Canada, he said it was closely comparable to the similar development in the United States. While the Canadian provinces have not gone as far as many of the states in the matter of rating laws, he expressed the belief that they have made greater progress in regard to uniformity of legislation. The first standard fire policy was adopted in Canada in 1876, while the first in the United States, that of New York, did not come until ten years later. Now standard policies, or "statutory conditions," for both accident and health and automobile insurance are in force in five provinces and as there is no legislation of a conflicting character in the other four provinces, the same policy forms are used from coast to coast. As evidencing the satisfactory way in which these conditions are working out, he said there were practically no variations from them.

### High Acquisition Cost Main Sales Obstacle

Speaking more particularly on accident and health insurance, he said that while the market has scarcely yet been touched, the business has not captured the confidence of the public as it should. He suggested that the casualty benefits in life insurance may have taken the edge off somewhat, but the chief obstacle as he sees it is the high acquisition cost, and the resulting high premiums, thus increasing sales resistance. With 60 companies in the field in Ontario for \$3,000,000 of business, a difficult competitive situation has developed. Furthermore, with the comparatively

small volume of business the selection against the insurers is great.

The public, Superintendent Foster said, demands three things: Sound and solvent companies, a fair and equitable policy form, and a reasonable rate. He considers conditions satisfactory in the first two respects and urged the companies to concentrate on the rate, with the idea of whittling down the expense ratio.

### Big Problem in All Lines of Business

Commenting on the latter suggestion, W. T. Grant, president of the Conference, said all the companies are in sympathy with the idea and are making every effort to reduce acquisition cost, but the fact that it is high is not a reflection on the business, as it is a problem that is being fought out in every line of business.

In his response to the addresses of welcome, George R. Kendall of the Washington Fidelity National referred to the community of interests between Canada and the United States and the feeling that the border line is largely an imaginary one. He also stressed the fundamental character of accident and health insurance in the protection of a man's producing power, stating that men have been educated to insure their houses against fire, but before a man has a house to insure there must be the productive effort which it is the business of accident and health insurance to cover.

### President's Address Is Comprehensive Review

President Grant in his annual address gave a comprehensive review of conditions in the accident and health field from several standpoints, including the activities of the Conference and the general developments in the field in the past year, the general status of the Conference and the business as a whole, with a review of the opportunities in the future and the changes toward which there seems to be decided trend. He also gave some figures as to the growth of the various classes of insurance, showing that while the average increase for all classes since 1922 has been 53 percent, for the accident and health business it has been 68 percent, thus demonstrating that that class of business is improving in the extent to which it is covering the great field that is open to it.

The entertainment program was well arranged and carried out. In addition to the golf and bowling tournaments Friday afternoon and the banquet Friday night, it included a bridge party for the ladies Thursday night, a sight-seeing tour Thursday afternoon for the ladies and non-golfers, a shopping tour Friday morning for the ladies through the T. Eaton Company department store, which is claimed to be the third largest on the continent, surpassed only by Marshall Field's and Wanamakers, and an afternoon tea for the ladies Friday afternoon.

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## Collecting Renewal Premiums and Preventing Lapses Studied

BY C. NORMAN GREEN

Assistant Secretary Hoosier Casualty

**I**NQUIRY as to the methods of a number of companies in sending premium notices has shown that the usual practice is to send premium notices 30 days before the due date and a second notice from a week to ten days ahead of the due date to the policyholders who fail to remit after the first notice. The two notices prior to the date on which the premium is due constitute a double safeguard against failure of the policyholder to remit merely through oversight.

Follow-up letters or cards to delinquent policyholders explaining and extending reinstatement privileges are generally used as a means of collecting past due premiums, and there is being used also the plan of getting from the policyholder, whenever possible, a definite statement as to his reason for lapsing, thus giving the company a starting point for an attempt to adjust the difficulty and restore the delinquent member to good standing as a satisfied policyholder and booster for the company.

### Furnish Information to Keep Policy Held

A plan which commends itself as a means to re-selling the policy to the policyholder and making him realize more fully the value of his insurance contract is that of sending with each premium notice a printed card or leaflet, emphasizing and fully explaining one or more of the important benefits of the policy. Up-to-date statistics, calculated to drive home to the policyholder the danger of sickness or accident disability against which his policy provides indemnity, can be and are no doubt effectively used to prevent lapses. A similar use has been made of a printed message telling of specific cases in which death or disability found the policy of the deceased or disabled person lapsed.

### Frequent Contacts Lead to New Business

In connection with industrial renewal premiums there is a debatable question as to whether it is best to collect on the monthly basis or by the quarter or year. In quarterly, semi-annual or annual payments there is for the agent the advantage of having to make only one, two or three calls instead of 12, and to the policyholder certain increased indemnities in consideration of the payment of an annual premium in advance. A striking example of the success that can be achieved with the monthly premium plan is furnished by an agent of the company I represent, who has built up one of the largest and most profitable debits on our books by writing business on the monthly plan, unless the applicant insisted on a longer term arrangement. This agent maintains that the frequent and regular contact with his policyholders gives him far more leads to new business and more opportunities to strengthen the feeling of good-will and confidence which his policyholders have for the company himself.

### Avoid Lapsation by Giving and Explaining Proper Coverage

The reason for a lapse can often be traced to the original transaction in which the soliciting agent failed to submit a plan of insurance suited to the needs of the prospect, that is with regard to the amount of indemnity, extent of coverage, amount of premium or plan of premium payment. A wrong classification as to occupation is often the seed which bears fruit in the form of a contested claim, a lapsed policy and a disgruntled ex-policyholder, and the same is true of incomplete and mis-

leading explanations of policy conditions or willful misrepresentation. Lapse prevention can be started by the agent if he succeeds in convincing his prospect that the policy is a contract or statement of honorable intentions and not a bunch of trick phrases designed merely for the purpose of separating the prospect from a sum of money. For some persons who are puzzled by and suspicious of an insurance policy there are grounds for the story that some people who were afloat on a raft after a shipwreck faced early starvation until one of their number produced his insurance policy, which contained enough provisions to last for several months.

### Three Phases of Educating Agent

The educational phase of the question includes: First, educating the agent as to the function and importance of income protection, that is, the preservation of the economic value of the human life through a period when sickness or accident disability reduces the earning power of that life. Second, educating the agent to appreciate the dignity of his calling as an economic advisor and helping him to some ideal conception of his business and causing him to realize that the confidence of the public, the good name of insurance as an institution, the reputation of his company, and his own chances of success are largely in his hands; third, educating the agent as to his company's policies, so that he will be equipped to serve intelligently the applicant and motivating his activity as a health and accident underwriter with the knowledge and conviction that he is not merely selling something which through clever sales tactics people can be made to desire, but that he is engaged in the profession of insurance, effecting between individuals and his company certain agreements the purpose of which is to preserve the economic well-being of the individual.

### Irish Made Song Leader

"Sherm" Irish of the Iowa State Traveling Men's was made the official song leader for the convention, and at the opening session led in the singing of one verse each of "America" and "God Save the King."

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## Suggestions for Prevention of Lapses, Conserving of Business

SOME important suggestions for the conservation of business, including the prevention of lapses and reinstatement of lapsed policyholders, were brought out in the round table discussion on "Collection of Renewal Premiums," introduced by C. Norman Green of the Hoosier Casualty in a paper in which he reviewed the practice of his company in that respect.

H. S. Bean of the Eastern Casualty especially indorsed the suggestions made by Mr. Green in regard to education of agents as a factor in preventing lapses. Referring principally to the monthly premium field, he said that agents should be brought to see that the collection of the policy fee is not the principal reason

b. Health is impaired, but now insurable.

c. I have retired from the ministry.

d. I have quit the Union because...

Please reinstate me now (following this answer is a statement as to present good health).

At the end of one year a final notice is sent, if no response has been received. Mr. Hobart also advocated the sending of a regular bulletin or communication of some sort to all policyholders to keep up their interest in their insurance and the company.

### Oppose Paying All First Month's Premium

The question of the effect on lapses of allowing the agent all of the first month's commission on monthly business in addition to the policy fee was raised by J. F. Ramey of the Washington Fidelity National, who said his company had tried it out just once with an agent who was a big producer and had received such a proposition from another company, and found that 80 per cent of the business lapsed. He said, however, that the proposition seemed to have a strong appeal to the agent.

E. C. Budlong of the Federal Life strongly opposed the payment of 100 per cent of the first month and said that 60 per cent of the business thus written never pays the second month.

### Use "Warning List" and Conservation Contest

J. W. Blunt of the Monarch Accident spoke of the necessity for tying in with the agent on a conservation campaign and asked Charles H. Munsell of the same company to explain a plan now in use. Its principal feature is the sending out to general agents of a "warning list," printed on red paper and with the heading "Danger Ahead." Each case is submitted to the agent who wrote it, with the idea that by determining why a policyholder has lapsed

he will be better able to answer objections advanced in the future. The company is also conducting a conservation contest, offering prizes to the agents and general agents showing the highest percentage of renewals. He said that it had resulted in changing the attitude of the agents on this important subject.

### Wants Meetings Together

Louis L. Graham of the Business Men's Assurance, newly elected president of the International Claim Association, was introduced to the Conference members Friday morning by President Grant. He expressed the hope that the executive committees out of the two organizations can work out a plan by which their meetings will be held in conjunction again next year.

H. S. Bean, retiring president of the Claim Association, was also in attendance, having been for a number of years one of the most active workers in the Conference, as well as in the claim men's organization.

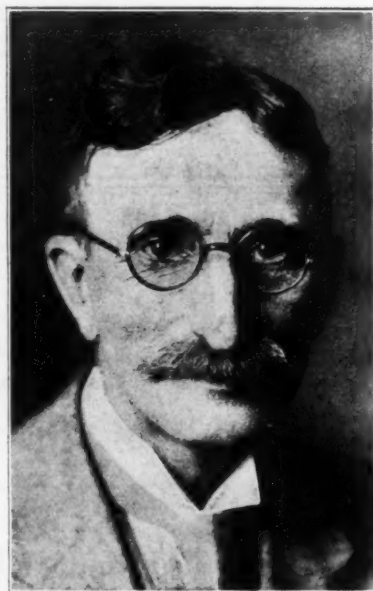
### Memorial Resolutions Adopted

High tributes were paid in the report of the resolutions committee submitted by J. S. Irish, chairman, and adopted by the Conference, to the memory of N. Z. Snell, president of the Mid-West Life of Lincoln, Neb., and Mrs. T. Leigh Thompson, wife of the vice-president of the National Life & Accident, who has also served as chairman of the executive committee of the Conference for the past year.

At the request of Mr. Irish, brief eulogies were also given by E. J. Faulkner of the Woodmen Accident for Mr. Snell and by C. R. Clements of the National Life & Accident for Mrs. Thompson.

### Nominating Committee

President Grant named as the members of the nominating committee, John Patterson of the Massachusetts Bonding, Ben Haughton, International Travelers Assurance; W. C. Cartinhour, Provident Life & Accident; R. M. Rowland, National Casualty, and H. S. Bean, Eastern Casualty.



A. J. ALWIN  
Minnesota Commercial Men's

for selling the policy, and that a permanent policyholder brings in a permanent income. He has found the heaviest lapses in monthly premium policies are in the first six months, particularly at the end of the first and second months.

### Conservation Methods That Get Results

M. W. Hobart of the Ministers Casualty Union gave a particularly interesting review of the conservation methods of his company, which does its business wholly by mail. Speaking of the importance of reinstating lapses, he said that the man who has been on the books is easier to get back than one who has to be sold from the start; and probably a better risk, as he is often the type of man who feels that he doesn't need insurance, rather than the one who is likely to file many claims. As a result of the methods followed the lapse ratio has been only 8 to 10 per cent.

The big problem has been to get the policyholder past the first premium date. A special letter is therefore written to men who fail to pay the first premium, written out by the stenographer, signed personally and giving every appearance of being a personal letter.

### Card Sent Out to Get Policyholder on Record

If the first lapse notice has no effect, a card is sent out, with several answers, one of which is to be checked, with the idea of getting the man on record. These answers are:

I will renew later.

I want information.

Strike my name off your list.

a. I have changed my occupation.

TO  
CASH  
IN ON  
THIS  
CHECK  
USE  
THIS  
COUPON

If you don't write accident and health insurance, you ought to. The A & H Review will help you get started.

The Accident & Health Review,  
1362 Insurance Exchange,  
Chicago, Illinois.

Here's the check and coupon—Send me a sample copy of The A & H Review.

Name .....

Address .....

City .....

State .....

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